

DALLAS CENTER-GRIMES COMMUNITY SCHOOL DISTRICT

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

June 30, 2020

Table of Contents

	<u>Page</u>
Officials	2
Independent Auditor's Report	3-4
Management's Discussion and Analysis (MD&A)	5-15
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	A 17
Statement of Activities	B 18-19
Governmental Fund Financial Statements:	
Balance Sheet	C 20
Reconciliation of the Balance Sheet -	
Governmental Funds to the Statement of Net Position	D 21
Statement of Revenues, Expenditures and Changes in Fund Balances	E 22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F 23
Proprietary Funds Financial Statements:	
Statement of Net Position	G 24
Statement of Revenues, Expenses and Changes in Fund Net Position	H 25
Statement of Cash Flows	I 26
Fiduciary Fund Financial Statement:	
Statement of Changes in Fiduciary Net Position	J 27
Notes to Financial Statements	28-44
 Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances-Budget and Actual-All Governmental Funds and Proprietary Fund	46
Notes to Required Supplementary Information - Budgetary Reporting	47
Schedule of the District's Proportionate Share of the Net Pension Liability	48
Schedule of District Contributions	49
Notes to Required Supplementary Information – Pension Liability	50
Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes	51
 Supplementary Information:	<u>Schedule/Statement</u>
Non-major Governmental Funds:	
Combining Balance Sheet	1 53
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 54
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3 55-56
Capital Projects Fund Accounts:	
Combining Balance Sheet	4 57
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	5 58
Proprietary Funds:	
Combining Statement of Net Position	6 59
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	7 60
Combining Statement of Cash Flows	8 61
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	9 62
Schedule of Expenditures of Federal Awards	10 63
Notes to Schedule of Expenditure of Federal Awards	64
 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 <i>Government Auditing Standards</i>	65-66
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	67-68
Schedule of Findings and Questioned Costs	69-70

**Dallas Center-Grimes Community School District
Officials
Year Ended June 30, 2020**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Doug Rants	President	2021
Kathie Hicok	Vice President	2023
Mark Willis	Board Member	2021
Sarah Wilson	Board Member	2021
Marco Bejarno	Board Member	2023
Ryan Carpenter	Board Member	2023
Ronnie Wiedman	Board Member	2023
School District Officials		
Scott Grimes	Superintendent	2020
Michelle Wearmouth	District Secretary/Treasurer and Business Manager	2020
Ahler's Law Firm	Attorney	Indefinite



705 Main Street
Pella, IA 50219
Ph.: 641-628-3737
Fax: 641-628-3757

www.vanmaanencpa.com

Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education
Dallas Center-Grimes 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 Dallas Center-Grimes Community School District, cities of Dallas Center and Grimes, Iowa, 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 listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 15 and 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dallas Center-Grimes Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019, (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by Title 2, *U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

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

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

January 18, 2021

Dallas Center-Grimes Community School District
Management's Discussion and Analysis
June 30, 2020

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

FINANCIAL HIGHLIGHTS

- ◆ General Fund revenues increased from \$33,628,126 in FY19 to \$34,161,722 in FY20 while General Fund expenditures increased from \$32,110,534 in FY19 to \$35,386,732 in FY20. A portion of the increased expenditures are attributed to the increased costs associated with serving 191 new students.
- ◆ This resulted in an expected decrease of \$1,225,010 in the District's General Fund balances, including restricted, committed and unassigned fund balances, from \$7,646,471 in FY19 to \$6,421,461 in FY20. This is a result of the District's inability to levy for cash reserve.
- ◆ The increase in General Fund revenues was primarily attributable to an increase in receipts of state funds and property tax collections due to 2.1% allowable growth and a significant increase in student enrollment of 191 students.
- ◆ The increase in General Fund expenditures was primarily attributable to an increase in the negotiated salary and benefits, and the increased staffing associated with student growth. As student numbers increase, instructional supply expenditures increased as well. As the number of facilities increase, utility, repair, and staffing will also increase as well.

USING THIS ANNUAL REPORT

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- ◆ The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- ◆ The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- ◆ The statements for *governmental funds* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.
- ◆ The statements for *proprietary funds* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.
- ◆ The statements for *fiduciary funds* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Dallas Center-Grimes Community School District

Management's Discussion and Analysis

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

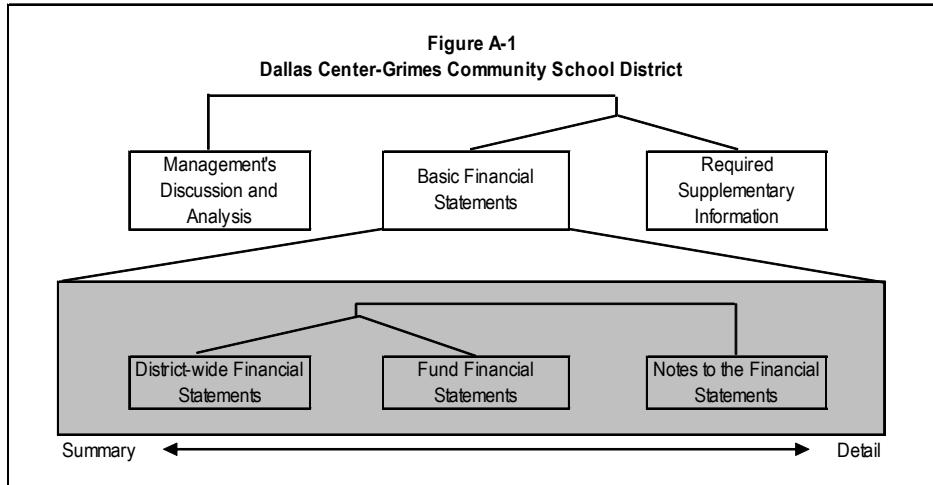


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-wide and Fund Financial Statements				
	District-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 the special education and building maintenance	Activities the district operates similar to private businesses: food services, farm account, and student construction	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net position * Statement of revenues, expenses and changes in net position * Statement of cash flows	* Statement of fiduciary net position * Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year; or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid
Type of deferred outflow / inflow information	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of fund balance that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period
Common names of district funds included	All funds with the exception of scholarship funds	General, Debt Service, Capital Projects, Management, Student Activity	Nutrition Fund, Farm Enterprise Account, Student Construction Fund	Burnett Scholarship, Brewer Scholarship, Anderson Scholarship, Schnell Scholarship, Bowersox Scholarship

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial 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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or position.

To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities. The valuation of the district increased 10.84%.

Review of DC-G Property Tax Valuations by Year			
Year	Taxable Valuation without TIF	Increase over previous year	Percent increase
FY2010	611,963,877	61,076,249	11.09%
FY2011	626,485,604	14,521,727	2.37%
FY2012	589,205,292	(37,280,312)	-5.95%
FY 2013	623,265,810	34,060,518	5.78%
FY 2014	641,969,948	18,704,138	3.00%
FY 2015	665,894,262	23,924,314	3.73%
FY 2016	730,051,763	64,157,501	9.63%
FY 2017	781,236,584	51,184,821	7.01%
FY 2018	889,708,657	108,472,073	13.88%
FY2019	986,121,394	96,412,737	10.84%

Dallas Center - Grimes Facilities by Age	
Dallas Center – Grimes Elementary, Grimes	Opened 8-1-1988
Dallas Center – Grimes Elementary, Dallas Center	Opened 1-1-2002
Dallas Center – Grimes Middle School, Dallas Center	Opened 8-1-2004
Dallas Center – Grimes High School, Grimes	Opened 8-1-2002
Dallas Center – Grimes Auditorium addition, Grimes	Opened 9-1-2005
Dallas Center – Grimes Sports Complex, Grimes	Final phase 9-1-2006
Dallas Center - Grimes North Ridge Elementary , Grimes	Opened 8-1-2008
Dallas Center - Grimes Meadows 8-9, Grimes	Opened 8-1-2012
Dallas Center - Grimes North Ridge 8 Room Addition	Opened 8-1-2014
Dallas Center - Grimes Transportation-Operation Facility	Opened 8-1-2015
Dallas Center - Grimes Heritage Elementary	Opened 8-1-2017
Dallas Center - Grimes SB / BB Complex	Final phase 8-1-2019

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- ◆ Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.
 - The District's governmental funds include the General Fund, Debt Service Fund, Capital Projects Funds, and Special Revenue funds such as the Student Activity fund, Management fund, and PPEL fund.
- ◆ Proprietary Funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-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's enterprise funds include the School Nutrition Fund, Student Construction Fund, and the Farm Enterprise Fund.
- ◆ Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-purpose Trust and Agency funds.
 - Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund. The DC-G Educational Foundation is now responsible for most of the scholarships awarded within the District.
 - Agency Fund- These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases. The District has only one Agency fund which holds employee funds contributed by employees through payroll for use in the Medical and Dependent Care Flexible Spending Program.

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

**Dallas Center-Grimes Community School District
Management's Discussion and Analysis
June 30, 2020**

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
Condensed Statement of Net Position
(Expressed in Thousands)

	Governmental Activities, June 30,		Business Type Activities, as restated		Total District, June 30,		Total Change June 30,
	2020	2019	2020	2019	2020	2019	2019-2020
	\$						
Current and other assets	82,401	66,557	842	520	83,243	67,077	24.1%
Capital assets	80,900	66,686	217	263	81,117	66,949	21.2%
Total assets	163,301	133,243	1,059	783	164,360	134,026	22.6%
Deferred outflows of resources	4,992	7,205	-	-	4,992	7,205	-30.7%
Long-term liabilities	97,905	76,134	-	-	97,905	76,134	28.6%
Other liabilities	4,025	2,860	355	145	4,380	3,005	45.8%
Total liabilities	101,930	78,994	355	145	102,285	79,139	29.2%
Deferred inflows of resources	23,995	20,330	-	-	23,995	20,330	18.0%
Net position:							
Invested in capital assets, net of related debt	29,070	30,025	217	263	29,287	30,288	-3.3%
Restricted	20,229	17,658	-	-	20,229	17,658	14.6%
Unrestricted	(6,931)	(6,559)	487	375	(6,444)	(6,184)	4.2%
Total net position	\$ 42,368	41,124	704	638	43,072	41,762	3.1%

Dallas Center-Grimes Community School District
Management's Discussion and Analysis
June 30, 2020

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

Figure A-4
Changes in Net Position
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	Year ended June 30, 2020		Year ended June 30, 2019		Year ended June 30, 2020		Year 30, 2019-2020
	2020	2019	2020	2019	2020	2019	
Revenues:							
Program revenues:							
Charges for service	\$ 3,582	3,727	983	1,228	4,565	4,955	-7.9%
Operating grants, contributions and restricted interest	5,985	5,688	704	541	6,689	6,229	7.4%
General revenues:							
Property tax	19,164	18,806	-	-	19,164	18,806	1.9%
Statewide sales, services and use tax	3,036	2,885	-	-	3,036	2,885	5.2%
Unrestricted state grants	13,491	12,795	-	-	13,491	12,795	5.4%
Unrestricted investment earnings	1,020	584	6	5	1,026	589	74.2%
Other	1,201	1,945	-	33	1,201	1,978	-39.3%
Total revenues	47,479	46,430	1,693	1,807	49,172	48,237	1.9%
Program expenses:							
Governmental activities:							
Instruction	24,528	23,709	-	-	24,528	23,709	3.5%
Support services	12,223	11,229	-	2	12,223	11,231	8.8%
Non-instructional programs	-	-	1,627	1,799	1,627	1,799	-9.6%
Other expenses	9,484	5,079	-	-	9,484	5,079	86.7%
Total expenses	46,235	40,017	1,627	1,801	47,862	41,818	14.5%
Change in net position	1,244	6,413	66	6	1,310	6,419	-79.6%
Net position beginning of year, as restated	41,124	34,711	638	632	41,762	35,343	18.2%
Net position end of year	\$ 42,368	41,124	704	638	43,072	41,762	3.1%

Property tax, sales and service tax, and unrestricted state grants account for 75.1% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 79.4% of the total expenses.

Governmental Activities

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

Figure A-5
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	Total Cost of Services		Change 2019-2020	Net Cost of Services		Change 2019-2020
	2020	2019		2020	2019	
Instruction	\$ 24,528	23,709	3.5%	16,299	15,595	4.5%
Support services	12,223	11,229	8.9%	12,196	11,154	9.3%
Other expenses	9,484	5,079	86.7%	8,173	3,853	112.1%
Totals	\$ 46,235	40,017	15.5%	36,668	30,602	19.8%

Dallas Center-Grimes Community School District

Management's Discussion and Analysis

June 30, 2020

- The cost financed by users of the District's programs was \$3,581,692.
- Federal and state government subsidized certain programs with grants and contributions totaling \$ 5,984,706. The net cost of governmental activities was financed with \$22,200,230 in property and other taxes and \$13,491,340 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$1,692,802 and expenses were \$1,626,990. The District's business type activities include the School Nutrition Fund, Student Construction, and Farm Enterprise Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income. The business type activities were impacted by the school closure for the pandemic.

During the year ended June 30, 2020, the District increased meal prices by .05 cents. The District continues to contract food services with Taher, Incorporated of Minnesota.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its government funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$57,906,286. The previous year, governmental funds reported a combined fund balance of \$46,525,218.

Governmental Fund Highlights

- The District's unassigned/unrestricted general fund balance decreased in FY20. The general fund unassigned/unrestricted net fund balance decreased from \$6,737,973 unassigned fund balance for FY19 to \$5,208,400 in FY20. The District planned for the fund balance to decrease in the fiscal year as fund as cash reserve levy could not be levied fully. The district's targeted financial solvency rate is 10-15%. The solvency ratio was 18.38% in FY18 after a large enrollment and special education deficit increases and 20.93% in FY19 as visible prudent action for recovery was taken by the Board action to levy the maximum cash reserve amount to replenish fund balance. Solvency ratio fell to 19.5% at the close of FY20, and that number was higher than expected as expenditures were less than anticipated due to the school closure associated with the pandemic.
- DC-G has experienced enrollment growth, which has allowed for additional dollars to fund programs. This has allowed some of the increased cost to be covered by new funds. Significant student growth within a single year may inhibit the District's ability to maintain a constant property tax rate.
- Over the past ten years the net impact of open enrollment has been very positive for DC-G. There was net \$938,109 more available for funding programs within our district in 19-20 due to positive net open enrollment of 140 students.
- In 2001-02, DC-G implemented an instructional levy. In 2001-02, the instructional levy was 3%, in 2002-03 it was 7%, and since 2003-04 this levy has been at the maximum 10%. Prior to 2004-05, the District elected not to commit all the instructional levy dollars to spending in the same year. However, in the 2004-05, 2005-06 and 2006-07 fiscal years, the full instructional support levy amount was committed to current year spending. The District voted to renew its instructional levy in October 2008 for a five year period beginning July 1, 2009 and again in December 2015 for the five year period beginning July 1, 2015 ending in 2019. The District voted to renew its instructional levy in January 2018 for a five year period beginning July 1, 2019.
- The District has implemented an extensive at-risk program, now at the maximum funding level. This has provided funding for some of the additional staff needed in the District, and has allowed the regular operating budget to absorb other increases.
- The District's administrative team and school board closely monitor monthly revenues and expenditures. The board has intentionally decided not to commit funds beyond a certain level which helps maintain a relatively constant or increasing fund balance.

Dallas Center-Grimes Community School District

Management's Discussion and Analysis

June 30, 2020

- The Physical Plant and Equipment Levy (PPEL) fund balance increased from \$2,400,426 at the end of FY19 to \$3,443,325 at the end of FY20. Funds were spent primarily on a major technology infrastructure upgrades, costs associated with the new bus facility, school bus purchases, carpet replacement, and other district repairs and maintenance.
- The Management fund balance increased from \$2,091,281 at FY19 to \$2,496,191 at the close of FY20.

Proprietary Fund Highlights

School Nutrition cash/investments and inventories increased from \$474,272 at June 30, 2019 to \$731,484 at June 30, 2020. The Farm account cash/investments remained stable at \$18,026.

BUDGETARY HIGHLIGHTS

Over the course of the year, Dallas Center - Grimes Community School District monitored the published budget. Budget amendments were needed in three of the four areas, the instruction, support services, and noninstructional areas.

It is the District's practice to budget expenditures at levels up to the maximum authorized spending authority for funds, yet to manage and control the spending through the line-item budget. It is difficult to predict budget outcomes without the Legislature passing allowable growth percentage within budgetary timelines.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had invested \$80.9 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$2,058,345 in both governmental and business type activities.

Figure A-6
Capital Assets, net of Depreciation
(Expressed in Thousands)

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-2020
Land	\$ 5,886	5,886	-	-	5,886	5,886	0.0%
Construction in progress	17,490	1,251	-	-	17,490	1,251	1298.1%
Buildings	54,707	56,166	-	-	54,707	56,166	-2.6%
Improvements other than buildings	1,201	1,340	-	-	1,201	1,340	-10.4%
Furniture and equipment	1,616	2,043	217	263	1,833	2,306	-20.5%
Totals	\$ 80,900	66,686	217	263	81,117	66,949	21.2%

Long Term Debt

At June 30, 2020, the District has \$97,905,607 in general obligation, revenue and other long-term debt outstanding. This represents an increase of approximately 28.6% from last year attributable to repayment of obligations, a new GO Bond, and inclusion of the IPERS net pension liability. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 of the financial statements.

Dallas Center-Grimes Community School District
Management's Discussion and Analysis
June 30, 2020

Figure A-7
Outstanding Long-Term Obligations
(Expressed in Thousands)

	Total	Total	
	District	Change	
	June 30, 2020	June 30, 2019	2019-2020
General obligation bonds	\$ 74,460	51,750	43.9%
GO bond discount, net	(211)	(197)	7.1%
GO bond premium, net	4,006	1,610	148.8%
Revenue bonds	4,925	4,925	0.0%
Revenue bond discount, net	(33)	(37)	-10.8%
Early retirement	126	270	-53.3%
Net pension liability	13,263	15,822	-16.2%
Other postemployment benefits	1,369	1,991	-31.2%
 Totals	 <u>\$ 97,905</u>	 <u>76,134</u>	 <u>28.6%</u>

The following reviews recent bonding and construction:

October 19, 1999	Bond issue 9.75 million for purchase of Rhinehart land, purchase of Meadows land & build/furnish high school on Meadows land 1.26 million bond sold to begin construction and make land purchases	(Levy A only) Pass Levy B - Fail
November 23, 1999	Passage of the Polk County Local Option Sales Tax Revenue bond 4.9 million for the construction of DC elementary sold on October 17, 2000	Pass
December 7, 1999	Levy B raising funds to levy at the \$4.05 mark for the \$9.75 million dollar bond issue. 9.985 GO bond sold which was remaining dollars authorized Oct. 19, 1999 and refinance Grimes elementary bond	Pass
July 16, 2002	Bond issue \$6.4 million for construction, renovation, and furnishing a new middle school in Dallas Center	Pass
March 19, 2004	Began Phase One of Sports Complex project funded with Local Option Sales and Service dollars. Phase one completed October 18, 2004.	
March 30, 2004	Bond issue 3.0 million for construction and furnishing of auditorium addition to the high school	Pass
April 11, 2006	Bond issue 6.5 million for site acquisition, construction and furnishing a new elementary school (North Ridge Elementary)	Pass
April 11, 2006	Passage of voter-approved PPEL Levy not to exceed \$1.34/\$1,000	Pass
September 9, 2008	Revenue purpose statement SAVE/LOSST fund	Pass
September 14, 2010	QSCB General Obligation Bond \$11,315,000 Taxable for 8-9 building	Pass
April 7, 2016	Bond issue 13.8 million for site acquisition, construction and furnishing a new elementary school in the Grimes Heritage development area Bond issue 46 million for site acquisition, construction and furnishing a new 7-8 facility, renovation at the high school and middle school, and safety upgrades	Pass
September 11, 2018		Pass

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances which may affect financial health in the future:

- The District continues to experience enrollment growth. The District's population in 2010 was estimated at 9,869 which is approximately 51% growth over the 2000 census. The City of Grimes requested a special census for 2015 showing the population of Grimes as 11,423 which was a 38.5% increase over 2010.
- The bond issue voted April 7, 2016 had an 82% positive vote in the election and construction began in FY 2016 on the Heritage elementary facility in Grimes to support approximately 500 students. The bond issue voted September 11, 2018 had an 84.5% positive vote in the election and construction will begin in the 2018-19 fiscal year on various projects including a new 7-8 facility.
- Private and corporate homebuilders continue to select the Grimes area for new home construction. The recent rate of growth will allow for a manageable transition to additional facilities, but accelerated rates of growth expected will greatly stress current facilities. The District continues to monitor growth of residential housing by monitoring the number of building permits granted and it is noted that recent data indicates a sharp incline in new building permits filed within the District.
- Two large developments continue to proceed in the City of Grimes: the Heritage development and the Beaverbrook development. There is also development platted near the new 7-8 facility. Rapid home building in each of these areas is being continually monitored by the District. Residential building permits are being requested well above the historical levels. The District will need to closely monitor changes in enrollment and make staffing changes immediately. Failure to monitor and/or to react to enrollment declines will negatively impact the District's budget.
- The District has contracted the services of RSP Associates to monitor and project enrollment growth. This is yet another factor providing information to the administration and subsequently to the Facilities committee to plan for enrollment growth.
- In September 2008, the District approved a new Statement of Purpose for the LOSST. This will allow a greater use of LOSST funds and adding to the capacity for projects that have primarily been PPEL projects.
- In the fall of 2008, the District established a community wide facility committee. The facility committee continues to meet to review future facility needs of the District and reviews uses of funds for projects or the need for future bonding for major construction.
- The District voters passed the voter-approved PPEL levy on April 7, 2016 for 10 years. These funds will continue to support repair and renovations in the District and possible funds for needed additions to facilities.
- Along with growth, transportation needs to transport students to school locations continues to grow. The District has purchased two new buses. The District will need to maintain a level of at least two to three bus purchases annually in the future which has been included in the District ten-year PPEL planning. If neighborhood school boundaries are changed, bussing needs may also change and additional buses must be purchased per year.
- Fiscal 2020 was the first year of a two-year contract with the Dallas Center-Grimes Education Association. The Board negotiated a two year agreement for FY20 and FY21.
- In February 2020, the bond rating was reviewed by Moody's Investing Service for the sixth time and the rating was upheld at Aa2. The report noted areas of strength including tax base growth, increasing enrollment, and strong fiscal management.
- Over the past several years, the District net open enrollment in and out number has improved dramatically. The 2016 school year experienced a net positive open enrollment students near the same figures as the previous fiscal year while 2017 and fiscal year 2020 saw a decline primarily based upon space available due to residential growth. The District will need to be careful of funding ongoing expenditures with funds as variable as open enrollment and make immediate changes in staffing levels if open enrollment drops. The District needs to continue to foster open enrollment to the extent that facilities allow.
- In the January 1, 2017 assessment of District taxable valuation, property values increased by 9.63%. In the January 1, 2018 assessment of District taxable valuation, property values increased by 13.88 followed by a property value increase in 2019 of

Dallas Center-Grimes Community School District

Management's Discussion and Analysis

June 30, 2020

10.84%. This percentage is varying greatly and difficult to predict for future projections. With the many variables associated with property tax valuation such as agricultural valuation changes in Dallas County, TIF valuation changes, and reassessment of properties, the District will monitor closely as it may not experience the same historic levels of taxable property valuation growth.

- Area cities continue to discuss and use TIF as means of supporting development. All TIF, but especially residential TIFs will have a negative impact on property tax rate. The District must continue to monitor and oppose TIFs that negatively impact the District.
- The District has grown an average of 65 students per year for the past ten years. The growth recorded in September 2008 was 63 students, September 2009 was 53 students, September 2010 was 58 students, September 2011 was 28 students, September 2013 was a record 157.37 students, September 2014 was an increase of 104.37, and September 2015 was an increase of 130.57 students. The September 2016 student growth was approximately 207 students and the September 2017 student growth was 131. Student increase in September 2018 was 114 students while growth in September 2019 was 191 students. Although this level of growth is not planned for the future, it is prudent for the District to plan for growth of 75 to 100 students per year. This increase creates facility challenges as the District also increases its preschool program. The District will monitor the impact of the pandemic on enrollment.
- Although current facilities are in great condition, there has been an increasing need for annual facility maintenance funds, as District facilities are no longer under warranty and start to age. Much of the increased cost is associated with managing increased technology in our mechanical and electrical systems. The voters of the District approved a voted-PPEL levy to help meet the annual facility maintenance needs.
- The rapid addition of facilities has been fostered by significant residential and commercial taxable valuation growth. A decrease in valuation will likely have an impact on the District property tax rate. Although District enrollment growth has been manageable, rates of growth similar to other area districts will result in a significant impact upon facilities and in the property tax rate.
- Ongoing discussions of revisions to Highway 44, Highway 141, and the construction of a north/south bypass and/or an east/west bypass will impact the commercial and residential growth of Grimes. A proposed \$250 million mixed-use development in Grimes is expected to include hotels, restaurants, retail, and a multi-use sports tournament venue for soccer, baseball, softball, and football. This development is called Hope District and is proposed for 200 acres northwest of Highway 141 and East First Street. The Grimes City Council has approved a development agreement with Hope Development which addresses infrastructure, ownership, and management by the City of Grimes. The District will continue to monitor these developments for their impact to residential growth impacting enrollment and commercial growth impacting valuation.
- The District has structured payments for General Obligation bonds with several larger payments in the years 2027, 2028, and 2029. This structure will create difficulty in future bonding schedules, and the Board will prudently review this situation and take available action to consider using subsidy payments and pre-levying funds toward prepayment of those bonds to create a favorable payment structure for the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide 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, please contact Michelle Wearmouth, Business Manager at Dallas Center-Grimes Community School District, P.O. Box 680, Grimes, Iowa 50111.

Basic Financial Statements

Exhibit A

**Dallas Center-Grimes Community School District
Statement of Net Position
June 30, 2020**

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 61,132,460	759,724	61,892,184
Receivables:			
Property tax:			
Delinquent	183,612	-	183,612
Succeeding year	20,103,902	-	20,103,902
Accounts	216,489	63,852	280,341
Due from other governments	764,808	-	764,808
Inventories	-	18,927	18,927
Capital assets, net of accumulated depreciation	80,900,307	216,672	81,116,979
Total assets	163,301,578	1,059,175	164,360,753
Deferred Outflows of Resources			
Pension related deferred outflows	4,863,431	-	4,863,431
OPEB related deferred outflows	128,590	-	128,590
Total deferred outflows of resources	4,992,021	-	4,992,021
Liabilities			
Accounts payable	2,485,577	355,291	2,840,868
Insurance claims payable	438,181	-	438,181
Salaries and benefits payable	549,108	-	549,108
Accrued interest payable	552,022	-	552,022
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	1,615,000	-	1,615,000
Early retirement	47,824	-	47,824
Portion due after one year:			
General obligation bonds	76,640,385	-	76,640,385
Revenue bonds	4,891,605	-	4,891,605
Early retirement	78,059	-	78,059
Net pension liability	13,263,338	-	13,263,338
Net OPEB liability	1,369,396	-	1,369,396
Total liabilities	101,930,495	355,291	102,285,786
Deferred Inflows of Resources			
Unavailable property tax revenue	20,103,902	-	20,103,902
Other	2,768	-	2,768
Advances from Federal grantors	39,082	-	39,082
Pension related deferred inflows	3,651,928	-	3,651,928
OPEB related deferred inflows	197,669	-	197,669
Total deferred inflows of resources	23,995,349	-	23,995,349
Net position			
Net investment in capital assets	29,069,672	216,672	29,286,344
Restricted for:			
Categorical funding	613,061	-	613,061
Debt service	11,615,661	-	11,615,661
Management levy purposes	2,496,191	-	2,496,191
Physical plant and equipment	3,443,325	-	3,443,325
Capital projects	1,770,427	-	1,770,427
Student activities	290,844	-	290,844
Unrestricted	(6,931,426)	487,212	(6,444,214)
Total net position	\$ 42,367,755	703,884	43,071,639

See notes to financial statements.

Exhibit B

Dallas Center-Grimes Community School District
Statement of Activities
Year ended June 30, 2020

	Net (Expense) Revenue & Changes in Net Position					
	Program Revenues			Position		
	Operating Expenses	Grants, Charges for Service	Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs						
Governmental activities:						
Instruction:						
Regular instruction	\$ 14,129,844	2,453,078	4,090,724	(7,586,042)	-	(7,586,042)
Special instruction	4,604,703	581,964	458,923	(3,563,816)	-	(3,563,816)
Other instruction	5,793,759	543,150	101,486	(5,149,123)	-	(5,149,123)
	24,528,306	3,578,192	4,651,133	(16,298,981)	-	(16,298,981)
Support services:						
Student	990,488	-	-	(990,488)	-	(990,488)
Instructional staff	2,795,925	-	-	(2,795,925)	-	(2,795,925)
Administration	3,222,740	-	-	(3,222,740)	-	(3,222,740)
Operating and maintenance of plant	3,497,173	-	-	(3,497,173)	-	(3,497,173)
Transportation	1,716,497	3,500	22,746	(1,690,251)	-	(1,690,251)
	12,222,823	3,500	22,746	(12,196,577)	-	(12,196,577)
Other expenditures:						
Facilities acquisition	5,672,704	-	-	(5,672,704)	-	(5,672,704)
Long-term debt interest	2,500,259	-	-	(2,500,259)	-	(2,500,259)
AEA flowthrough	1,310,827	-	1,310,827	-	-	-
	9,483,790	-	1,310,827	(8,172,963)	-	(8,172,963)
Total governmental activities	46,234,919	3,581,692	5,984,706	(36,668,521)	-	(36,668,521)
Business type activities:						
Support services:						
Student construction	-	-	-	-	-	-
Farm account	-	930	-	-	930	930
Non-instructional programs:						
Food service operations	1,626,990	981,796	704,076	-	58,882	58,882
	1,626,990	982,726	704,076	-	59,812	59,812
Total primary government	\$ 47,861,909	4,564,418	6,688,782	(36,668,521)	59,812	(36,608,709)

Exhibit B

Dallas Center-Grimes Community School District
Statement of Activities
Year ended June 30, 2020

	Net (Expense) Revenue & Changes in Net Position					
	Program Revenues			Position		
	Operating Expenses	Charges for Service	Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Totals from previous page	\$ 47,861,909	4,564,418	6,688,782	(36,668,521)	59,812	(36,608,709)
General Revenues:						
Property tax levied for:						
General purposes				12,412,696	-	12,412,696
Debt service				4,823,520	-	4,823,520
Capital outlay				1,927,639	-	1,927,639
Statewide sales, services and use tax				3,036,375	-	3,036,375
Unrestricted state grants				13,491,340	-	13,491,340
Unrestricted investment earnings				1,019,860	6,000	1,025,860
Other				186,413	-	186,413
Contributions not restricted to specific programs				1,014,050	-	1,014,050
Total general revenues				37,911,893	6,000	37,917,893
Change in net position				1,243,372	65,812	1,309,184
Net position beginning of year, as restated				41,124,383	638,072	41,762,455
Net position end of year				\$ 42,367,755	703,884	43,071,639

See notes to financial statements.

Exhibit C

Dallas Center-Grimes Community School District
Balance Sheet
Governmental Funds
June 30, 2020

Assets	General	Debt Service	Capital Projects	Non-major	Total
Cash, cash equivalents and pooled investments	\$ 6,671,507	12,122,557	38,040,808	2,780,671	59,615,543
Receivables:					
Property tax:					
Delinquent	110,048	45,126	18,376	10,062	183,612
Succeeding year	11,424,695	5,083,180	2,096,032	1,499,995	20,103,902
Accounts	193,632	-	-	22,857	216,489
Due from other governments	508,762	-	256,046	-	764,808
Total assets	\$ 18,908,644	17,250,863	40,411,262	4,313,585	80,884,354
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 471,530	-	1,785,123	26,555	2,283,208
Salaries and benefits payable	549,108	-	-	-	549,108
Total liabilities	1,020,638	-	1,785,123	26,555	2,832,316
Deferred inflows of resources :					
Unavailable revenues:					
Succeeding year property tax	11,424,695	5,083,180	2,096,032	1,499,995	20,103,902
Other	2,768	-	-	-	2,768
Advances from Federal grantors	39,082	-	-	-	39,082
Total deferred inflows of resources	11,466,545	5,083,180	2,096,032	1,499,995	20,145,752
Fund balances:					
Restricted for:					
Categorical funding	613,061	-	-	-	613,061
Debt service	-	12,167,683	-	-	12,167,683
Management levy purposes	-	-	-	2,496,191	2,496,191
Student activities	-	-	-	290,844	290,844
School infrastructure	-	-	33,086,782	-	33,086,782
Physical plant and equipment	-	-	3,443,325	-	3,443,325
Committed for future equipment purchases	600,000	-	-	-	600,000
Unassigned	5,208,400	-	-	-	5,208,400
Total fund balances	6,421,461	12,167,683	36,530,107	2,787,035	57,906,286
Total liabilities, deferred inflows of resources and fund balances	\$ 18,908,644	17,250,863	40,411,262	4,313,585	80,884,354

See notes to financial statements.

Exhibit D

Dallas Center-Grimes Community School District
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2020

Total fund balances of governmental funds (Exhibit C)	\$ 57,906,286
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds:

Land	\$ 5,885,890
Construction in progress	17,489,829
Buildings	72,960,794
Improvements	3,089,524
Vehicles, furniture and equipment	8,110,039
Accumulated depreciation	<u>(26,635,769)</u>
	80,900,307

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

876,367

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

(552,022)

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

Deferred outflows of resources	4,992,021
Deferred inflows of resources	<u>(3,849,597)</u>

1,142,424

Long-term liabilities, including bonds and notes payable, bond discounts, deferred bond costs, bond premiums, net pension liability, other postemployment benefits and special termination benefits are not due and payable in the current year and, therefore, are not reported in the governmental funds. These liabilities at year-end consist of:

General obligation bonds	(74,460,000)
Sales tax revenue bonds	(4,925,000)
Bond discounts, net	243,975
Bond premiums, net	(4,005,965)
Net pension liability	(13,263,338)
Other postemployment benefits	(1,369,396)
Special termination benefits	<u>(125,883)</u>
	<u>(97,905,607)</u>

Net position of governmental activities (Exhibit A)	<u>\$ 42,367,755</u>
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See notes to financial statements.

Exhibit E

Dallas Center-Grimes Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2020

	General	Debt Service	Capital Projects	Non-major	Total
Revenues:					
Local sources:					
Local tax	\$ 10,919,679	4,654,825	1,858,175	995,493	18,428,172
Tuition	2,677,963	-	-	-	2,677,963
Other	631,226	528,907	1,418,262	543,269	3,121,664
State sources	19,027,996	169,260	3,106,062	42,316	22,345,634
Federal sources	904,858	-	-	-	904,858
Total revenues	34,161,722	5,352,992	6,382,499	1,581,078	47,478,291
Expenditures:					
Current:					
Instruction:					
Regular	13,912,236	-	-	150,515	14,062,751
Special	4,699,500	-	-	-	4,699,500
Other	4,478,962	-	-	453,311	4,932,273
	23,090,698	-	-	603,826	23,694,524
Support services:					
Student	1,009,947	-	-	-	1,009,947
Instructional staff	2,686,155	-	-	-	2,686,155
Administration	3,026,697	-	170,598	-	3,197,295
Operation and maintenance of plant	2,995,319	-	3,065	482,384	3,480,768
Transportation	1,267,089	-	246,935	-	1,514,024
	10,985,207	-	420,598	482,384	11,888,189
Other expenditures:					
Facilities acquisition	-	-	21,911,847	-	21,911,847
Long-term debt:					
Principal	-	2,155,000	-	-	2,155,000
Interest and fiscal charges	-	2,603,267	-	-	2,603,267
AEA flowthrough	1,310,827	-	-	-	1,310,827
	1,310,827	4,758,267	21,911,847	-	27,980,941
Total expenditures	35,386,732	4,758,267	22,332,445	1,086,210	63,563,654
Excess (deficiency) of revenues over (under) expenditures	(1,225,010)	594,725	(15,949,946)	494,868	(16,085,363)
Other financing sources (uses):					
General obligation bonds issued	-	-	24,865,000	-	24,865,000
Premium on general obligation bonds	-	-	2,632,576	-	2,632,576
Discount on general obligation bonds	-	-	(31,145)	-	(31,145)
Transfers in	-	554,412	66,995	-	621,407
Transfers out	-	(66,995)	(554,412)	-	(621,407)
Total other financing sources (uses)	-	487,417	26,979,014	-	27,466,431
Change in fund balances	(1,225,010)	1,082,142	11,029,068	494,868	11,381,068
Fund balances beginning of year	7,646,471	11,085,541	25,501,039	2,292,167	46,525,218
Fund balances end of year	\$ 6,421,461	12,167,683	36,530,107	2,787,035	57,906,286

See notes to financial statements.

Exhibit F

Dallas Center-Grimes Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statement of Activities
Year ended June 30, 2020

Net change in fund balances - total governmental funds (Exhibit E) \$ 11,381,068

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. These costs are not reported in the Statement of Activities, but they are allocated over the estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. The amounts of capital outlays, depreciation expense and other transactions involving capital assets in the year are as follows:

Capital outlays	\$ 16,239,143
Depreciation expense	(2,025,141)
	14,214,002

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

GO bonds issued	(24,865,000)
Premium on bonds issued	(2,632,576)
Discount on bonds issued	31,145
Bond principal repaid	2,155,000
Amortization of bond premium	237,103
Amortization of deferred bond costs	(59,665)
Amortization of bond discount	(20,928)
	(25,154,921)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (53,502)

The current year District IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 2,003,836

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in Net Position of the Internal Service Fund is reported with governmental activities. 864,545

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

Early retirement	143,663
Pension expense	(2,693,770)
OPEB expense	538,451
	(2,011,656)

Change in net position of governmental activities (Exhibit B) \$ 1,243,372

See notes to financial statements.

Exhibit G

Dallas Center-Grimes Community School District
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Assets		
Current assets:		
Cash and cash equivalents	\$ 759,724	1,516,917
Accounts receivable	63,852	-
Inventories	18,927	-
Total current assets	<u>842,503</u>	<u>1,516,917</u>
Non-current assets:		
Machinery and equipment	856,149	-
Accumulated depreciation	<u>(639,477)</u>	<u>-</u>
Total non-current assets	<u>216,672</u>	<u>-</u>
Total assets	<u>1,059,175</u>	<u>1,516,917</u>
Liabilities		
Current liabilities:		
Accounts payable	355,291	202,369
Insurance claims liability	-	438,181
Total liabilities	<u>355,291</u>	<u>640,550</u>
Net Position		
Net investment in capital assets	216,672	-
Unrestricted	<u>487,212</u>	<u>876,367</u>
Total net position	<u>\$ 703,884</u>	<u>876,367</u>

See notes to financial statements.

Exhibit H

Dallas Center-Grimes Community School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2020

	Business Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Operating revenues:		
Local sources:		
Operating revenues	\$ 982,726	4,648,331
Operating expenses:		
Instructional programs:		
Support services:		
Services	- -	3,783,786
Non-instructional programs:		
Food service operations:		
Services	1,363,729	-
Supplies	217,395	-
Depreciation	45,866	-
Total operating expenses	1,626,990	1,626,990
Operating income (loss)	(644,264)	3,783,786
Non-operating revenues:		
State sources	11,511	-
Federal sources	692,565	-
Interest income	6,000	-
Total non-operating revenues	710,076	710,076
Changes in net position	65,812	864,545
Net position beginning of year, as restated	638,072	11,822
Net position end of year	<u>\$ 703,884</u>	<u>876,367</u>

See notes to financial statements.

Exhibit I

Dallas Center-Grimes Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2020

	Business Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 981,796	-
Cash received from miscellaneous operating activities	930	4,648,331
Cash payments to suppliers for goods or services	<u>(1,242,910)</u>	<u>(3,217,492)</u>
Net cash provided (used) by operating activities	<u>(260,184)</u>	<u>1,430,839</u>
Cash flows from non-capital financing activities:		
State grants received	11,511	-
Federal grants received	<u>498,784</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>510,295</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>6,000</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>256,111</u>	<u>1,430,839</u>
Cash and cash equivalents at beginning of year	<u>503,613</u>	<u>86,078</u>
Cash and cash equivalents at end of year	<u><u>\$ 759,724</u></u>	<u><u>1,516,917</u></u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating income (loss)	\$ (644,264)	864,545
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:		
Commodities used	129,929	-
Depreciation	45,866	-
Decrease (increase) in inventories	(2,031)	-
Increase (decrease) in accounts payable	<u>210,316</u>	<u>566,294</u>
Net cash provided (used) by operating activities	<u><u>\$ (260,184)</u></u>	<u><u>1,430,839</u></u>
Reconciliation of cash and cash equivalents at year end to specific assets included on Statement of Net Assets:		
Current assets:		
Cash and investments	\$ 759,724	1,516,917
Cash and cash equivalents at year end	<u><u>\$ 759,724</u></u>	<u><u>1,516,917</u></u>
Non-cash investing, capital and financing activities:		

During the year ended June 30, 2020, the District received \$129,929 of federal commodities.

See notes to financial statements.

Exhibit J

Dallas Center-Grimes Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2020

	Private Purpose	Trust	Scholarship
Additions:			
Local sources:			
Gifts and contributions	\$	-	
Interest income		21	
Total additions		<u>21</u>	
Deductions:			
Support services:			
Scholarships awarded		<u>4,300</u>	
Change in net position		(4,279)	
Net position beginning of year		<u>4,279</u>	
Net position end of year	<u>\$</u>	<u>-</u>	

See notes to financial statements.

Dallas Center-Grimes Community School District

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Dallas Center-Grimes Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

Dallas Center-Grimes Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Dallas 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 non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary 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 is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital

Dallas Center-Grimes Community School District

Notes to Financial Statements

June 30, 2020

requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The District reports the following major governmental funds:

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

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

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 other governmental funds of the District are considered non-major and are as follows:

The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

The District's proprietary funds consist of three Enterprise funds: School Nutrition, Student Construction and School Farm Account. These funds are used to account for the food service operations, student construction operations and farm rental operations of the District.

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

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

C. Measurement Focus and Basis of Accounting

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

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

Dallas Center-Grimes Community School District

Notes to Financial Statements

June 30, 2020

pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

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

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

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

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

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

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

Dallas Center-Grimes Community School District

Notes to Financial Statements

June 30, 2020

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

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

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

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reported 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	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50
Improvements other than buildings	20-50
Furniture and equipment	5-15

Deferred Outflows of Resources Deferred outflows of resources represent a consumption of net position applicable to a future year(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments, contributions from the District after the measurement date but before the end of the District's reporting period and the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to / deductions from IPERS' fiduciary net position have been

Dallas Center-Grimes Community School District

Notes to Financial Statements

June 30, 2020

determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Dallas Center-Grimes Community School 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.

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

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

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

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

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents and Pooled Investments

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

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

Dallas Center-Grimes Community School District**Notes to Financial Statements****June 30, 2020**

At June 30, 2020, the District had investments in the following:

Iowa Schools Joint Investment Trust	
Diversified Portfolio	\$ 21,484,377
RFDI Account	6,058,931
Fixed Income	10,377,119
UMB Bank	
Government and Agency Bonds	11,969,812
Goldman Sachs Treasury Money Market	26,615
Morgan Stanley Treasury Money Market	14,571
	<hr/>
	\$ 49,931,425

At June 30, 2020, the District had investments in the Iowa School Joint Investment Trust (ISJIT) which are valued at an amortized cost. There were no limitations or restrictions on withdrawal of the ISJIT investments. The investments in ISJIT were rated AAA by Standard & Poor's Financial Services.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt service	Capital projects, SAVE	\$ 554,412
Capital projects, SAVE	Debt service	66,995
		<hr/> <hr/> \$ 621,407

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

Dallas Center-Grimes Community School District

Notes to Financial Statements

June 30, 2020

(4) Capital Assets

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

	Balance Beginning of Year, as restated	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,885,890	-	-	5,885,890
Construction in progress	1,250,686	16,239,143	-	17,489,829
Total capital assets not being depreciated	7,136,576	16,239,143	-	23,375,719
Capital assets being depreciated:				
Buildings	72,960,794	-	-	72,960,794
Improvements other than buildings	3,089,524	-	-	3,089,524
Furniture and equipment	8,110,039	-	-	8,110,039
Total capital assets being depreciated	84,160,357	-	-	84,160,357
Less accumulated depreciation for:				
Buildings	16,794,783	1,458,914	-	18,253,697
Improvements other than buildings	1,748,861	139,552	-	1,888,413
Furniture and equipment	6,066,984	426,675	-	6,493,659
Total accumulated depreciation	24,610,628	2,025,141	-	26,635,769
Total capital assets being depreciated, net	59,549,729	(2,025,141)	-	57,524,588
Governmental activities capital assets, net	\$ 66,686,305	14,214,002	-	80,900,307
Business type activities:				
Furniture and equipment	\$ 856,149	-	-	856,149
Less accumulated depreciation	593,611	45,866	-	639,477
Business type activities capital assets, net	\$ 262,538	(45,866)	-	216,672
Depreciation expense was charged by the District as follows:				
Governmental activities:				
Instruction:				
Regular			\$ 486,489	
Special			7,924	
Other			982,891	
Support services:				
Student support			4,755	
Instructional staff			167,996	
Administration			96,677	
Operation and maintenance of plant			55,521	
Transportation			222,888	
Total governmental activities depreciation expense			\$ 2,025,141	
Business type activities:				
Food service operations			\$ 45,866	

Dallas Center-Grimes Community School District

Notes to Financial Statements

June 30, 2020

(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	\$ 51,750,000	24,865,000	2,155,000	74,460,000	1,615,000
GO bond discounts	(196,396)	(31,145)	(16,961)	(210,580)	-
GO bond premiums	1,610,492	2,632,576	237,103	4,005,965	-
Revenue bonds	4,925,000	-	-	4,925,000	-
Revenue bond discounts	(37,362)	-	(3,967)	(33,395)	-
Early retirement	269,546	-	143,663	125,883	47,824
Net pension liability	15,822,142	-	2,558,804	13,263,338	-
Net OPEB liability	1,990,734	-	621,338	1,369,396	-
Total	<u>\$ 76,134,156</u>	<u>27,466,431</u>	<u>5,694,980</u>	<u>97,905,607</u>	<u>1,662,824</u>

General Obligation Bonds Payable

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

Year ending June 30,	Bond Issue of December 1, 2010			Bond Issue of February 1, 2012		
	Int Rate %	Principal	Interest	Int Rate %	Principal	Interest
2021	5.625	\$ -	620,156	1.750	\$ 1,400,000	111,313
2022	5.625	-	620,156	1.750	1,400,000	86,813
2023	5.625	-	620,156	2.000	150,000	62,313
2024	5.625	-	620,156	2.250	175,000	59,313
2025	5.625	-	620,156	2.250	1,300,000	55,375
2026	5.625	-	620,156	2.375	1,100,000	26,125
2027	5.625	-	620,156	-	-	-
2028	5.625	-	620,156	-	-	-
2029	5.625	<u>11,025,000</u>	<u>620,156</u>	-	-	-
		<u>\$ 11,025,000</u>	<u>5,581,404</u>		<u>\$ 5,525,000</u>	<u>401,252</u>

Dallas Center-Grimes Community School District

Notes to Financial Statements

June 30, 2020

General Obligation Bonds Payable (continued)

Year ending June 30,	Bond Issue of July 15, 2015			Bond Issue of February 26, 2019		
	Int. Rate %	Principal	Interest	Int. Rate %	Principal	Interest
2021	2.250	\$ -	526,287	4.000%	\$ -	774,800
2022	2.250	-	526,288	4.000%	-	774,800
2023	2.250	15,000	526,287	4.000%	-	774,800
2024	3.000	1,280,000	525,950	4.000%	-	774,800
2025	3.000	265,000	487,550	4.000%	-	774,800
2026	3.000	500,000	479,600	4.000%	-	774,800
2027	4.000	-	464,600	4.000%	-	774,800
2028	4.000	-	464,600	4.000%	-	774,800
2029	4.000	-	464,600	4.000%	-	774,800
2030	4.000	1,870,000	464,600	4.000%	1,130,000	774,800
2031	4.000	1,895,000	389,800	4.000%	1,220,000	729,600
2032	4.000	1,920,000	314,000	4.000%	1,320,000	680,800
2033	4.000	1,950,000	237,200	4.000%	1,400,000	628,000
2034	4.000	1,975,000	159,200	4.000%	1,600,000	572,000
2035	4.000	2,005,000	80,200	4.000%	1,700,000	508,000
2036	-	-	-	4.000%	3,500,000	440,000
2037	-	-	-	4.000%	3,700,000	300,000
2038	-	-	-	4.000%	3,800,000	152,000
		<u>\$13,675,000</u>	<u>6,110,762</u>		<u>\$19,370,000</u>	<u>11,758,400</u>
Year ending June 30,	Bond Issue of March 18, 2020			Total		
	Int. Rate %	Principal	Interest	Principal	Interest	Total
2021	3.000%	\$ 215,000	835,050	1,615,000	2,867,606	4,482,606
2022	3.000%	465,000	739,500	1,865,000	2,747,557	4,612,557
2023	3.000%	1,740,000	725,550	1,905,000	2,709,106	4,614,106
2024	3.000%	735,000	673,350	2,190,000	2,653,569	4,843,569
2025	3.000%	590,000	651,300	2,155,000	2,589,181	4,744,181
2026	3.000%	600,000	633,600	2,200,000	2,534,281	4,734,281
2027	3.000%	2,125,000	615,600	2,125,000	2,475,156	4,600,156
2028	3.000%	2,190,000	551,850	2,190,000	2,411,406	4,601,406
2029	3.000%	2,255,000	486,150	13,280,000	2,345,706	15,625,706
2030	3.000%	1,005,000	418,500	4,005,000	1,657,900	5,662,900
2031	3.000%	1,025,000	388,350	4,140,000	1,507,750	5,647,750
2032	3.000%	1,040,000	357,600	4,280,000	1,352,400	5,632,400
2033	3.000%	1,070,000	326,400	4,420,000	1,191,600	5,611,600
2034	3.000%	1,055,000	294,300	4,630,000	1,025,500	5,655,500
2035	3.000%	1,075,000	262,650	4,780,000	850,850	5,630,850
2036	3.000%	910,000	230,400	4,410,000	670,400	5,080,400
2037	3.000%	880,000	203,100	4,580,000	503,100	5,083,100
2038	3.000%	955,000	176,700	4,755,000	328,700	5,083,700
2039	3.000%	4,935,000	148,050	4,935,000	148,050	5,083,050
		<u>\$24,865,000</u>	<u>8,718,000</u>	<u>\$74,460,000</u>	<u>32,569,818</u>	<u>107,029,818</u>

Dallas Center-Grimes Community School District**Notes to Financial Statements****June 30, 2020**

In-Substance Defeasance – June 19, 2017

On June 19, 2017, equity from the District was used to advance refund \$2,780,000 of outstanding general obligation bonds dated July 1, 2004. \$3,412,446 has been placed in an irrevocable escrow account and has been invested in U.S. Government Obligations which have been certified to be sufficient to pay all principal and interest due on the Series 2004 bonds. The District remains contingently liable in the remote possibility the account is insufficient to pay the refunded bonds. This advance refunding was undertaken to reduce total debt service payments over the next 7 years by \$3,676,258. The fiscal responsibility shown in prior years has allowed the District to advance refund the Series 2004 bonds and reduce future debt payments.

Revenue Bonds

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

Year ending June 30,	Bond Issue of December 1, 2010		
	Int. Rate %	Principal	Interest
2021	5.850	-	288,112
2022	5.850	-	288,113
2023	5.850	-	288,112
2024	5.850	-	288,113
2025	5.850	-	288,112
2026	5.850	-	288,113
2027	5.850	-	288,112
2028	5.850	-	288,113
2029	5.850	-	288,112
2030	5.850	4,925,000	144,056
		<u>\$ 4,925,000</u>	<u>2,737,068</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,925,000 of bonds issued in December 2012. The bonds were issued for the purpose of financing a portion of the costs of a new school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 33% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$7,662,068. For the current year, \$288,113 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$3,036,375.

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

- a) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- b) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- c) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District did comply with all of the revenue bond provisions during the year ended June 30, 2020.

(6) Pension Plan

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

Dallas Center-Grimes Community School District

Notes to Financial Statements

June 30, 2020

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, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

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

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

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

Disability and Death Benefits – A vested member who is awarded 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 the fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2020 were \$2,003,836.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the District reported a liability of \$13,263,338 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the District's proportion was 0.227519%, which was a decrease of 0.022584% from its proportion measured as of June 30, 2018.

Dallas Center-Grimes Community School District

Notes to Financial Statements

June 30, 2020

For the year ended June 30, 2020, the District recognized pension expense of \$2,693,770. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,770	476,880
Changes of assumptions	1,420,693	-
Net difference between projected and actual earnings on IPERS' investments	626,996	2,121,615
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	775,136	1,053,433
District contributions subsequent to the measurement date	2,003,836	-
Total	<u>\$ 4,863,431</u>	<u>3,651,928</u>

\$2,003,836 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June, 30	Amount
2021	\$ 381,509
2022	(319,974)
2023	(283,207)
2024	(426,333)
2025	(144,328)
Total	<u>\$ (792,333)</u>

There were no non-employer contributing entities to IPERS.

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

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation
Long-term investment rate of return (effective June 30, 2017)	Rates vary by membership group
Wage growth (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation
	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 the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Dallas Center-Grimes Community School District

Notes to Financial Statements

June 30, 2020

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>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100%</u>	

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

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

	1%	Discount	1%
	Decrease	Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
District's proportionate share of the net pension liability	\$ 23,551,406	13,263,338	4,633,819

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

Payables to IPERS - At June 30, 2020, the District reported payables to IPERS of \$10,535 for legally required District contributions and \$7,019 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(7) Other Post-Employment Benefits (OPEB)

Plan Description - The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits for employees 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 Dallas Center - Grimes Community School District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	389
	<u>397</u>

Dallas Center-Grimes Community School District

Notes to Financial Statements

June 30, 2020

Total OPEB Liability – the District's total OPEB liability of \$1,369,396 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

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

Rate of Inflation (effective June 30, 2020)	3.25% per annum.
Rates of salary increase (effective June 30, 2020)	3.25% per annum including inflation
Discount rate (effective June 30, 2020)	2.21% compounded annually, including inflation
Healthcare cost trend rate (effective June 30, 2020)	6.50% initial rate decreasing by 0.50% annually to an ultimate rate of 4.50%

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

Mortality rates are from the SOA RPH-2019 total dataset mortality table fully generational using Scale MP-2019. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

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

Changes in the Total OPEB Liability

Total OPEB liability beginning of year	\$ 1,990,734
Changes for the year:	
Service cost	237,521
Interest cost	76,490
Changes of benefit terms	(761,377)
Difference between expected and actual experiences	(177,401)
Changes in assumptions	89,097
Benefit payments	(85,668)
Net changes	<u>(621,338)</u>
 Total OPEB liability end of year	 <u>\$ 1,369,396</u>

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

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

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 1,479,000	1,369,396	1,257,000

Dallas Center-Grimes Community School District

Notes to Financial Statements

June 30, 2020

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 liability would be if were calculated using healthcare cost trend rates that are 1% lower (3.50%) or 1% higher (5.50%) than the current healthcare cost trend rates.

	1%	Healthcare Cost Trend	1%
	Decrease (5.50%)	Rate (6.50%)	Increase (7.50%)
Total OPEB liability	\$ 1,203,000	1,369,396	1,558,000

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the District recognized an OPEB benefit of \$538,451. At June 30, 2020, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following resources:

At June 30, 2020, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 164,861
Changes in assumptions	128,590	32,808
Total	\$ 128,590	\$ 197,669

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

Year ending June 30,	Amount
2021	\$ 5,418
2022	5,418
2023	5,418
2024	5,418
2025	5,418
Thereafter	41,989
	\$ 69,079

(8) Termination Benefits

The District offered a voluntary early retirement plan to its full-time, certified employees. Eligible employees must have been at least age fifty-five and must have completed fifteen years of continuous service to the District, except for administrators who must have completed ten years. Employees must have completed an application which is subject to approval by the Board of Education. The benefits are arrived at by taking the average salary over the last fifteen years times a percentage at the time of early retirement. The percentage starts at 25% at age 55 and decreases each year to 0% at age 65. Early retirement expenditures for the year ended June 30, 2020 totaled \$143,663.

(9) Risk Management

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

Dallas Center-Grimes Community School District

Notes to Financial Statements

June 30, 2020

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$1,310,827 for the year ended June 30, 2020 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Construction Commitment

The District entered into a contract totaling \$30,800,000 for a new 7-8 facility. As of June 30, 2020, costs of \$13,905,596 had been incurred against the contract. The balance of \$16,894,404 remaining as of June 30, 2020 will be paid as work on the project progresses.

The District entered into a contract totaling \$6,157,000 for additions and renovations of an existing 5-6 facility. As of June 30, 2020, cost of \$1,090,609 has been incurred against the contract. The balance of \$5,066,391 remaining as of June 30, 2020 will be paid as work on the project progresses.

The District entered into a contract totaling \$2,975,000 for a new administration building. As of June 30, 2020, costs of \$2,493,624 had been incurred against the contract. The balance of \$481,376 remaining as of June 30, 2020, will be paid as work on the project progresses.

(12) Tax Abatements

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

Tax Abatements of Other Entities

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Dallas Center offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exception of taxes based on a percentage of the actual value added by improvements.

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Grimes	Urban renewal and economic development projects	\$ 325,632
City of Dallas Center	Chapter 404 tax abatement program	34,214
City of Urbandale	Urban renewal and economic development projects	26,617

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 \$76,249.

Dallas Center-Grimes Community School District**Notes to Financial Statements****June 30, 2020**

(13) Categorical Funding

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

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

Program	Amount
Teacher leadership	\$ 181,067
Teacher salary supplement	40,655
Professional development	53,890
4-yr old preschool	265,061
Gifted and talented program	72,388
Total	<u>\$ 613,061</u>

(14) Restatement

Beginning net position for the School Nutrition Fund was restated due to a recalculation of accumulated depreciation from prior years.

	Business Type
	Activities -
	School Nutrition
Net position June 30, 2019, as previously reported	\$ 589,835
Adjustment to accumulated depreciation	2,000
Net position June 30, 2019, as restated	<u>\$ 591,835</u>

Required Supplementary Information

Dallas Center-Grimes Community School District

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses, and Changes in Balances

Budget and Actual - All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2020

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance-Favorable (Unfavorable)
				Original	Final	
Revenues:						
Local sources	\$ 24,227,799	988,726	25,216,525	25,563,796	25,563,796	(347,271)
State sources	22,345,634	11,511	22,357,145	22,565,129	22,565,129	(207,984)
Federal sources	904,858	692,565	1,597,423	1,390,043	1,390,043	207,380
Total revenues	47,478,291	1,692,802	49,171,093	49,518,968	49,518,968	(347,875)
Expenditures/Expenses:						
Instruction	23,694,524	-	23,694,524	25,954,710	25,954,710	2,260,186
Support services	11,888,189	-	11,888,189	12,187,759	12,187,759	949,570
Non-instructional programs	-	1,626,990	1,626,990	1,948,623	1,948,623	321,633
Other expenditures	27,980,941	-	27,980,941	41,979,957	41,979,957	13,999,016
Total expenditures/expenses	63,563,654	1,626,990	65,190,644	82,071,049	82,721,049	17,530,405
Excess (deficiency) of revenues over (under) expenditures/expenses	(16,085,363)	65,812	(16,019,551)	(32,552,081)	(33,202,081)	17,182,530
Other financing sources (uses), net	27,466,431	-	27,466,431	26,000,000	26,000,000	1,466,431
Change in fund balance	11,381,068	65,812	11,446,880	(6,552,081)	(7,202,081)	18,648,961
Balance beginning of year, as restated	46,525,218	638,072	47,163,290	32,611,125	32,611,125	14,552,165
Balance end of year	\$ 57,906,286	703,884	58,610,170	26,059,044	25,409,044	33,201,126

See accompanying independent auditor's report.

Dallas Center-Grimes Community School District
Notes to Required Supplementary Information - Budgetary Reporting
Year ended June 30, 2020

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$650,000.

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

Dallas Center-Grimes Community School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employee's Retirement System
For The Last Six Years* (In Thousands)
Required Supplementary Information

	2019	2019	2018	2017	2016	2015
District's proportion of the net pension liability		0.227519%	0.250103%	0.235337%	0.229923%	0.221670%
District's proportionate share of the net pension liability	\$ 13,263		15,822	15,536	14,339	11,020
District's covered-employee payroll	\$ 17,451		18,792	17,411	16,341	15,282
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		76.00%	84.20%	89.23%	87.75%	72.11%
IPERS' net position as a percentage of the total pension liability		85.45%	83.62%	82.21%	81.82%	85.19%
						87.61%

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

See accompanying independent auditor's report.

Dallas Center-Grimes Community School District

Schedule of District Contributions

Iowa Public Employees' Retirement System

For The Last Ten Years (In Thousands)

Required Supplementary Information

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 2,004	1,647	1,678	1,555	1,459	1,365	1,227	1,085	952	778
Contributions in relation to the statutorily required contribution	(2,004)	(1,647)	(1,678)	(1,555)	(1,459)	(1,365)	(1,227)	(1,085)	(952)	(778)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 21,227	17,451	18,792	17,411	16,341	15,282	13,736	12,514	11,802	11,198
Contributions as a percentage of covered-employee payroll	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

See accompanying independent auditor's report.

Dallas Center-Grimes Community School District
Notes to Required Supplementary Information – Pension Liability
Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rated 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 rated of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

Dallas Center-Grimes Community School District
Schedule of Changes in the District's
Total OPEB Liability, Related Ratios and Notes
For the Last Three Years
Required Supplementary Information

	2020	2019	2018
Service cost	\$ 237,521	217,296	209,200
Interest cost	76,490	74,949	70,946
Changes of benefit terms	(761,377)	-	-
Difference between expected and actual experiences	(177,401)	-	-
Changes in assumptions	89,097	53,309	(41,610)
Benefit payments	(85,668)	(148,369)	(138,000)
Net change in total OPEB liability	(621,338)	197,185	100,536
Total OPEB liability beginning of year	1,990,734	1,793,549	1,693,013
Total OPEB liability end of year	<u>\$ 1,369,396</u>	<u>1,990,734</u>	<u>1,793,549</u>
Covered-employee payroll	\$ 21,446,703	19,011,486	18,353,586
Total OPEB liability as a percentage of covered-employee payroll	6.39%	10.47%	9.77%

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

Changes in benefit terms:

Plan changed from fully-insured to self-insured

Changes in assumptions:

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

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

See accompanying independent auditor's report.

Supplementary Information

Schedule 1

**Dallas Center-Grimes Community School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020**

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 2,486,129	294,542	2,780,671
Receivables:			
Property tax:			
Delinquent	10,062	-	10,062
Succeeding year	1,499,995	-	1,499,995
Accounts	-	22,857	22,857
Total assets	\$ 3,996,186	317,399	4,313,585
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	26,555	26,555
Total liabilities	-	26,555	26,555
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	1,499,995	-	1,499,995
Total deferred inflows of resources	1,499,995	-	1,499,995
Fund balances:			
Restricted for:			
Management levy purposes	2,496,191	-	2,496,191
Student activities	-	290,844	290,844
Total fund balances	2,496,191	290,844	2,787,035
Total liabilities, deferred inflows of resources and fund balances	\$ 3,996,186	317,399	4,313,585

See accompanying independent auditor's report.

Schedule 2

Dallas Center-Grimes Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year ended June 30, 2020

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 995,493	-	995,493
Other	-	543,269	543,269
State sources	42,316	-	42,316
Total revenues	1,037,809	543,269	1,581,078
Expenditures:			
Current:			
Instruction:			
Regular	150,515	-	150,515
Other	-	453,311	453,311
Support Services:			
Operation and maintenance of plant	482,384	-	482,384
Total expenditures	632,899	453,311	1,086,210
Change in fund balances	404,910	89,958	494,868
Fund balances beginning of year	2,091,281	200,886	2,292,167
Fund balances end of year	\$ 2,496,191	290,844	2,787,035

See accompanying independent auditor's report.

Schedule 3

Dallas Center-Grimes Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2020

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
HS Annual	\$ -	645	-	-	645
HS Art Club	1,157	-	-	-	1,157
Athletics	3,334	48,591	28,553	(16,903)	6,469
Athletics Resale	-	21,495	18,043	(1,640)	1,812
HS/MS/Elem Band Resale	-	7,454	13,160	5,706	-
Baseball	-	6,468	8,915	2,447	-
Boosters	-	49,234	49,234	-	-
Boys/Girls Basketball	3,250	62,861	59,166	-	6,945
Basketball Fundraising	-	-	1,419	1,419	-
Class of:					
2020	7,687	55	6,812	913	1,843
2021	7,925	3,340	1,654	-	9,611
2022	2,341	3,275	-	-	5,616
2023	-	1,435	-	-	1,435
Cross Country	-	2,205	2,527	322	-
Boys Cross Country Fundraiser	-	279	-	-	279
Girls Cross Country Fundraiser	-	171	100	-	71
Dance Team	-	5,139	4,387	-	752
Dig Pink Volleyball	129	-	-	-	129
Drama/Speech	-	3,630	3,159	-	471
Drill Team	569	-	-	-	569
Equip Repair	-	1,530	-	-	1,530
Football	-	55,206	53,441	(600)	1,165
Football Fundraising	-	25,820	19,600	-	6,220
HS French Club	685	-	-	-	685
FFA	6,277	21,823	15,935	-	12,165
Girls Softball	-	9,436	15,144	5,708	-
Golf	-	-	2,935	2,935	-
HS Bakers	703	207	-	-	910
HS Enterprise	1,594	3,150	2,591	-	2,153
HS Student Council	7,164	4,661	2,791	-	9,034
HS Honor Society	3,685	1,709	748	-	4,646
HS Cheerleading	1,379	2,575	2,445	-	1,509
HS Dance Marathon	590	1,609	945	-	1,254
HS Juice/Pop Machine	13,339	6,713	5,155	(913)	13,984
HS Best Buddies	1,315	1,766	74	-	3,007
HS Band/Vocal Fundraiser	2,704	-	343	-	2,361
Interest	-	2,628	-	-	2,628
Soccer	-	2,493	2,040	-	453
HS Drama/Musical	4,068	2,855	5,633	-	1,290
MS Drama/Musical	2,605	-	-	-	2,605
P.A.L.S.	4,095	-	-	-	4,095
Picture Fund	-	18,255	6,411	-	11,844

Schedule 3

Dallas Center-Grimes Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2020

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Spanish Club	638	-	-	-	638
Track	-	1,791	4,426	2,635	-
Volleyball	-	14,245	11,984	(80)	2,181
Volleyball Fundraising	-	-	80	80	-
Washington DC fundraiser	276	-	-	-	276
Wrestling	2,411	23,696	22,064	-	4,043
Meadows Yearbook	4,771	1,394	-	-	6,165
HS/MS/Elem Vocal Resale	-	31,087	20,681	-	10,406
Jr. High Annual	13,870	-	50	-	13,820
Jr. High Cheerleading	1,906	1,188	150	-	2,944
Jr. High Juice/Pop Machine	26,939	26,707	12,002	-	41,644
Jr. High Student Council	9,611	1,432	4,158	-	6,885
Jr. High Honor Society	142	-	-	-	142
MS Athletics	-	5,269	2,640	(2,629)	-
MS Band/Vocal Fundraiser	3,849	14,565	10,182	-	8,232
Northridge Fundraiser	11,990	10,726	3,692	-	19,024
Meadows Pop Fundraiser	3,083	3,167	1,611	-	4,639
Meadows Student Council	5,324	1,495	1,072	-	5,747
Kiwanis Key Club	2,929	1,802	4,217	600	1,114
Seniors Against Cancer 2010	36	75	-	-	111
FFA Test Plot	-	15	-	-	15
Elementary Juice - Grimes	5,471	1,144	-	-	6,615
Elementary Fundraiser - Grimes	14,068	8,004	6,889	-	15,183
Elementary Fundraiser - D.C.	12,273	10,031	8,385	-	13,919
Elementary Fundraiser - Heritage	4,355	6,723	5,668	-	5,410
Elementary Student Council	349	-	-	-	349
Total	\$ 200,886	543,269	453,311	-	290,844

See accompanying independent auditor's report.

Schedule 4

**Dallas Center-Grimes Community School District
Combining Balance Sheet
Capital Projects Fund Accounts
June 30, 2020**

Capital Projects				
	Statewide Sales, Services and Use Tax	Other Capital Projects	Physical Plant and Equipment Levy	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 4,488,778	29,963,892	3,588,138	38,040,808
Receivables:				
Property tax:				
Delinquent	-	-	18,376	18,376
Succeeding year	-	-	2,096,032	2,096,032
Due from other governments	256,046	-	-	256,046
Total assets	\$ 4,744,824	29,963,892	5,702,546	40,411,262
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	1,621,934	163,189	1,785,123
Total liabilities	-	1,621,934	163,189	1,785,123
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	2,096,032	2,096,032
Total deferred inflows of resources	-	-	2,096,032	2,096,032
Fund balances:				
Restricted for:				
School infrastructure	4,744,824	28,341,958	-	33,086,782
Physical plant and equipment	-	-	3,443,325	3,443,325
Total fund balances	4,744,824	28,341,958	3,443,325	36,530,107
Total liabilities, deferred inflows of resources and fund balances	\$ 4,744,824	29,963,892	5,702,546	40,411,262

See accompanying independent auditor's report.

Schedule 5

Dallas Center-Grimes Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund Accounts
Year ended June 30, 2020

	Capital Projects			
	Statewide Sales, Services and Use Tax	Other Capital Projects	Physical Plant and Equipment Levy	Total
Revenues:				
Local sources:				
Local tax	\$ -	-	1,858,175	1,858,175
Other	45,605	337,348	1,035,309	1,418,262
State sources	3,036,375	-	69,687	3,106,062
Total revenues	3,081,980	337,348	2,963,171	6,382,499
Expenditures:				
Current:				
Support services:				
Administration	10,591	-	160,007	170,598
Operation and maintenance of plant	-	-	3,065	3,065
Transportation	-	-	246,935	246,935
Other expenditures:				
Facilities acquisition	2,671,652	17,729,930	1,510,265	21,911,847
Total expenditures	2,682,243	17,729,930	1,920,272	22,332,445
Excess (deficiency) of revenues over (under) expenditures	399,737	(17,392,582)	1,042,899	(15,949,946)
Other financing sources (uses):				
General obligation bonds issued	-	24,865,000	-	24,865,000
Premium on general obligation bonds	-	2,632,576	-	2,632,576
Discount on general obligation bonds	-	(31,145)	-	(31,145)
Transfers in	66,995	-	-	66,995
Transfers out	(554,412)	-	-	(554,412)
Total other financing uses	(487,417)	27,466,431	-	26,979,014
Change in fund balances	(87,680)	10,073,849	1,042,899	11,029,068
Fund balances beginning of year	4,832,504	18,268,109	2,400,426	25,501,039
Fund balances end of year	\$ 4,744,824	28,341,958	3,443,325	36,530,107

See accompanying independent auditor's report.

Schedule 6

Dallas Center-Grimes Community School District
Combining Statement of Net Position
Proprietary Funds
June 30, 2020

	Business Type Activities				Governmental Activities		
	Enterprise Funds				Internal Service Funds		
	School Nutrition	Student Construction	Farm Account	Total	Partially Self-Funded Insurance	Flexible Benefits	Total
Assets							
Current assets:							
Cash and cash equivalents	\$ 712,557	29,141	18,026	759,724	1,457,133	59,784	1,516,917
Accounts receivable	63,852	-	-	63,852	-	-	-
Inventories	18,927	-	-	18,927	-	-	-
Total current assets	795,336	29,141	18,026	842,503	1,457,133	59,784	1,516,917
Non-current assets:							
Machinery and equipment	856,149	-	-	856,149	-	-	-
Accumulated depreciation	(639,477)	-	-	(639,477)	-	-	-
Total non-current assets	216,672	-	-	216,672	-	-	-
Total assets	1,012,008	29,141	18,026	1,059,175	1,457,133	59,784	1,516,917
Liabilities							
Current liabilities:							
Accounts payable	355,291	-	-	355,291	142,585	59,784	202,369
Insurance claims liability	-	-	-	-	438,181	-	438,181
Total current liabilities	355,291	-	-	355,291	580,766	59,784	640,550
Total liabilities	355,291	-	-	355,291	580,766	59,784	640,550
Net position							
Net investment in capital assets	216,672	-	-	216,672	-	-	-
Unrestricted	440,045	29,141	18,026	487,212	876,367	-	876,367
Total net position	\$ 656,717	29,141	18,026	703,884	876,367	-	876,367

See accompanying independent auditor's report.

Schedule 7

Dallas Center-Grimes Community School District
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2020

	Business Type Activities				Governmental Activities		
	Enterprise Funds				Internal Service Funds		
	School Nutrition	Student Construction	Farm Account	Total	Partially Self-Funded Insurance	Flexible Benefits	Total
Operating revenue:							
Local sources:							
Other local sources:							
Food service sales	\$ 981,796	-	-	981,796	-	-	-
Other operating revenue	-	-	930	930	4,543,386	104,945	4,648,331
Total operating revenues	981,796	-	930	982,726	4,543,386	104,945	4,648,331
Operating expenses:							
Instructional programs:							
Support services:							
Services	-	-	-	-	3,678,841	104,945	3,783,786
	-	-	-	-	3,678,841	104,945	3,783,786
Non-instructional programs:							
Food service operations:							
Services	1,363,729	-	-	1,363,729	-	-	-
Supplies	217,395	-	-	217,395	-	-	-
Depreciation	45,866	-	-	45,866	-	-	-
	1,626,990	-	-	1,626,990	-	-	-
Total operating expenses	1,626,990	-	-	1,626,990	3,678,841	104,945	3,783,786
Operating income (loss)	(645,194)	-	930	(644,264)	864,545	-	864,545
Non-operating revenues:							
State sources	11,511	-	-	11,511	-	-	-
Federal sources	692,565	-	-	692,565	-	-	-
Interest income	6,000	-	-	6,000	-	-	-
Total non-operating revenues	710,076	-	-	710,076	-	-	-
Change in net position	64,882	-	930	65,812	864,545	-	864,545
Net position beginning of year, as restated	591,835	29,141	17,096	638,072	11,822	-	11,822
Net position end of year	\$ 656,717	29,141	18,026	703,884	876,367	-	876,367

See accompanying independent auditor's report.

Schedule 8

Dallas Center-Grimes Community School District
Combining Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2020

	Business Type Activities				Governmental Activities		
	Enterprise Funds				Internal Service Funds		
	School Nutrition	Student Construction	Farm Account	Total	Partially Self-Funded Insurance	Flexible Benefits	Total
Cash flows from operating activities:							
Cash received from sale of lunches and breakfasts	\$ 981,796	-	-	981,796	-	-	-
Cash Received from miscellaneous operating activities	-	-	930	930	4,543,386	104,945	4,648,331
Cash payments to suppliers for goods or services	(1,242,910)	-	-	(1,242,910)	(3,111,871)	(105,621)	(3,217,492)
Net cash provided (used) by operating activities	(261,114)	-	930	(260,184)	1,431,515	(676)	1,430,839
Cash flows from non-capital financing activities:							
State grants received	11,511	-	-	11,511	-	-	-
Federal grants received	498,784	-	-	498,784	-	-	-
Net cash provided by non-capital financing activities	510,295	-	-	510,295	-	-	-
Cash flows from investing activities:							
Interest on investments	6,000	-	-	6,000	-	-	-
Net increase (decrease) in cash and cash equivalents	255,181	-	930	256,111	1,431,515	(676)	1,430,839
Cash and cash equivalents at beginning of year	457,376	29,141	17,096	503,613	25,618	60,460	86,078
Cash and cash equivalents at end of year	\$ 712,557	29,141	18,026	759,724	1,457,133	59,784	1,516,917
Reconciliation of operating income (loss) to net cash used by operating activities:							
Operating income (loss)	\$ (645,194)	-	930	(644,264)	864,545	-	864,545
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Commodities received	129,929	-	-	129,929	-	-	-
Depreciation	45,866	-	-	45,866	-	-	-
Decrease (increase) in inventories	(2,031)	-	-	(2,031)	-	-	-
Increase (decrease) in accounts payable	210,316	-	-	210,316	566,970	(676)	566,294
Net cash provided (used by) operating activities	\$ (261,114)	-	930	(260,184)	1,431,515	(676)	1,430,839
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:							
Current assets:							
Cash and investments	\$ 712,557	29,141	18,026	759,724	1,457,133	59,784	1,516,917
Cash and cash equivalents at year end	\$ 712,557	29,141	18,026	759,724	1,457,133	59,784	1,516,917

Non-cash investing, capital and financing activities:

During the year ended June 30, 2020, the District received \$129,929 of federal commodities.

See accompanying independent auditor's report.

Schedule 9

Dallas Center-Grimes Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Local sources:										
Local tax	\$ 18,428,172	18,805,963	16,653,465	14,847,680	13,075,546	12,272,534	11,884,997	12,649,685	12,949,278	12,739,378
Tuition	2,677,963	2,700,118	2,586,747	2,733,064	2,517,722	2,236,592	2,160,260	1,880,643	1,980,567	1,500,763
Other	3,121,664	2,756,732	2,295,056	2,133,492	2,024,313	1,895,944	2,146,295	1,149,854	1,066,535	950,438
State sources	22,345,634	21,291,432	20,299,489	18,465,973	16,689,892	15,091,801	13,584,833	10,203,422	9,543,447	8,604,944
Federal sources	904,858	876,276	838,679	736,963	631,454	498,934	535,750	1,294,504	1,545,858	1,024,959
Total	\$ 47,478,291	46,430,521	42,673,436	38,917,172	34,938,927	31,995,805	30,312,135	27,178,108	27,085,685	24,820,482
Expenditures:										
Instruction:										
Regular	\$ 14,062,751	12,769,327	12,460,152	11,613,216	11,181,345	10,722,326	9,568,759	9,017,465	8,501,484	7,849,462
Special	4,699,500	3,799,400	3,297,029	3,083,743	4,435,322	3,883,233	3,588,540	3,119,983	2,755,783	2,634,941
Other	4,932,273	4,918,487	4,760,706	4,377,423	2,085,479	2,147,323	1,815,048	1,641,719	1,588,602	1,348,211
Support services:										
Student	1,009,947	977,902	910,540	771,241	762,618	634,873	598,037	490,337	460,271	447,669
Instructional staff	2,686,155	2,337,432	2,363,454	2,197,720	1,783,497	1,238,643	1,057,144	859,640	762,515	674,401
Administration	3,197,295	2,618,014	2,571,134	2,467,466	2,632,356	2,957,997	2,711,628	2,118,846	2,032,968	2,031,545
Operation and maintenance										
of plant	3,480,768	3,276,755	2,950,904	2,587,132	2,763,862	3,025,115	2,718,926	2,227,993	2,253,378	1,955,381
Transportation	1,514,024	1,593,671	1,569,138	1,136,030	1,260,699	1,097,040	1,402,211	1,252,583	1,002,860	945,413
Other expenditures:										
Facilities acquisition	21,911,847	7,208,443	3,988,789	12,619,631	3,332,373	2,197,567	2,610,141	2,648,167	15,272,641	2,222,456
Long-term debt:										
Principal	2,155,000	1,490,000	1,455,000	1,430,000	1,535,000	1,365,000	1,310,000	1,075,000	1,245,000	1,160,000
Interest and other charges	2,603,267	1,624,656	1,658,476	1,828,613	1,787,846	1,353,558	1,386,846	1,872,183	2,062,644	1,058,320
AEA flowthrough	1,310,827	1,225,741	1,153,382	1,033,233	960,969	904,670	823,740	729,350	700,651	731,714
Total	\$ 63,563,654	43,839,828	39,138,704	45,145,448	34,521,366	31,527,345	29,591,020	27,053,266	38,638,797	23,059,513

See accompanying independent auditor's report.

Schedule 10

Dallas Center-Grimes Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
<u>Indirect:</u>			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY 20	\$ 32,542
Child Nutrition Program CARES Grants to States	10.555	FY 20	283,618
National School Lunch Program	10.555	FY 20	<u>376,405</u>
			<u>692,565</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 20	<u>113,782</u>
Career and Technical Education - Basic Grants to States	84.048	FY 20	<u>91,036</u>
Special Education - State Personnel Development Grants	84.323	FY 20	<u>6,083</u>
Supporting Effective Instruction State Grants	84.367	FY 20	<u>30,958</u>
Student Support and Academic Enrichment Program	84.424	FY 20	<u>10,093</u>
Education Stabilization Fund (ESSER Fund)	84.425	FY 20	<u>86,017</u>
U.S. Department of Health and Human Services:			
Iowa Department of Education:			
Foster Care Title IV-E	93.658	FY 20	<u>325</u>
Assistance Programs for Chronic Disease Prevention and Control	93.945	FY 20	<u>500</u>
Area Education Agency:			
Special Education - Grants to States	84.027	FY 20	<u>127,901</u>
Total			<u>\$ 1,159,260</u>

See Notes to Schedule of Expenditures of Federal Awards.

Dallas Center-Grimes School District
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

Dallas Center-Grimes Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

Note 4. Noncash Assistance

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$129,929 related to USDA Commodities grants provided by the U.S. Department of Agriculture passed through the Iowa Department of Education, CFDA No. 10.555.

Note 5. Pass-through Funding

Of the federal expenditures presented in the Schedule, the District provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Career and Technical Education - Basic Grants to States	84.048	\$ 68,718



705 Main Street
Pella, IA 50219
Ph.: 641-628-3737
Fax: 641-628-3757

www.vanmaanencpa.com

Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education of Dallas Center-Grimes Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Dallas Center-Grimes Community School District, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dallas Center-Grimes Community School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dallas Center-Grimes Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Dallas Center-Grimes Community School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 Dallas Center-Grimes Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters which are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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.

Dallas Center – Grimes Community School District's Responses to the Findings

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

Purpose of this Report

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

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

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

January 18, 2021



705 Main Street
Pella, IA 50219
Ph.: 641-628-3737
Fax: 641-628-3757

www.vanmaanencpa.com

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CERTIFIED PUBLIC ACCOUNTANTS

**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 of Dallas Center-Grimes Community School District:

Report on Compliance for Each Major Federal Program

We have audited Dallas Center-Grimes Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. Dallas Center-Grimes Community School 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 Dallas Center-Grimes Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dallas Center-Grimes Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Dallas Center-Grimes Community School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

The management of Dallas Center-Grimes Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dallas Center-Grimes Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures 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 Dallas Center-Grimes Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility 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.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

January 18, 2021

Dallas Center-Grimes Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516(a).
- (g) Major programs were as follows:
 - Child Nutrition Cluster:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 10.555 – Child Nutrition Program CARES Grants to States
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Dallas Center-Grimes Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting

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

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

IV-C-20 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

Dallas Center-Grimes Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

- IV-D-20 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-20 Restricted Donor Activity – No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa
- IV-F-20 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-G-20 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-H-20 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-I-20 Supplementary Weighting – Variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

Recommendation – The supplementary weighting data should be corrected.

Response – The Iowa Department of Education and the Iowa Department of Management will be notified of the error.

Conclusion – Response accepted.

- IV-J-20 Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.
- 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 non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance	\$ 4,832,504
Revenues:	
Sales tax revenues	\$ 3,036,375
Other local revenues	45,605
Transfers from other funds	66,995
	<hr/>
Expenditures/transfers out	
Equipment	10,591
School infrastructure construction	2,671,652
Transfers to other funds:	
Debt service fund	554,412
	<hr/>
Ending balance	\$ 4,744,824

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