
CEDAR FALLS COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INTERNAL CONTROLS AND COMPLIANCE

JUNE 30, 2020



CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Jeff Hassman	President	2023
Sasha Wohlpart	Vice President	2021
Allan Heisterkamp	Board Member	2021
Jeff Orvis	Board Member	2021
Nate Gruber	Board Member	2023
Susie Hines	Board Member	2023
Jenny Leeper	Board Member	2023
School Officials		
Dr. Andrew Pattee	Superintendent	Indefinite
Denelle Gonnerman	District Secretary	Indefinite
Dan Lynch	District Treasurer	2020
John C. Larsen	Attorney	Indefinite

Cedar Falls Community School District

Independent Auditors' Report

To the Board of Education of the
Cedar Falls 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 Cedar Falls Community School District, Cedar Falls, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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.

The financial statements of the Cedar Falls Community Schools Foundation have not been audited, and we were not engaged to audit the Foundation financial statements as part of our audit of the Cedar Falls Community School District's basic financial statements. The Foundation's financial statements are included in the District's financial statements as a discretely presented component unit. Because we were not engaged to audit the Foundation's financial statements and because we did not apply any auditing procedures to the Foundation's financial statements, we do not express an opinion on the discretely presented component unit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 Cedar Falls Community School District as of June 30, 2020, and the respective changes in 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 to District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 16 and 49 through 56 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 Cedar Falls 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 on pages 57 - 66, 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 *Government Auditing Standards*, we have also issued our report dated December 12, 2020 on our consideration of Cedar Falls 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 to describe the scope of our testing of internal control over financial reporting and compliance with the results of that testing and not to provide an opinion on the 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 Cedar Falls Community School District's internal control over financial reporting and compliance.

Cainey, Alexander, Marold + Co, L.L.P.

Waterloo, Iowa
December 14, 2020

**CEDAR FALLS COMMUNITY SCHOOL DISTRICT
CEDAR FALLS, IOWA**

**Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2020**

This section of the Cedar Falls Community School District's annual financial report presents the District's management discussion and analysis of the District's financial activities during the fiscal year ending June 30, 2020.

The intent of this discussion and analysis is to look at the Cedar Falls Community School District's financial performance as a whole with comparisons to the previous fiscal year activities. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the 2020 fiscal year include the following:

- In total, net position increased by \$2,179,737 or 2.96% from fiscal 2019. Governmental activities net position increased \$2,339,779 or 4.17% from fiscal year 2019, increases in property tax receipts and fund transfers accounted for the increase. Net position in business-type activity, which represents the Districts food service and student coffee shop operations, decreased \$160,042 or 36.38% from fiscal year 2019. A decrease in operational revenue in the nutrition fund due to closure during the COVID-19 pandemic accounted for the change.
- General Fund revenues (which include the Instructional Support fund) accounted for \$61,045,517 in revenue or 81.99% of all revenues. General Fund expenses, which include the Instructional Support fund, accounted for \$60,784,628 in expenditures or 78.13% of all expenses.

This report also reflects improved accounting and financial reporting by state and local governments as required by the Governmental Accounting Standards Board (GASB) Statement No. 68 and Statement No. 75.

GASB Statement No. 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

As required by Iowa law, the District participates in the Iowa Public Employees' Retirement System (IPERS).

GASB Statement No. 75 establishes improved accounting and financial reporting requirements for state and local governments which provide their employees with "Other Postemployment Benefits (OPEB)." The objective Statement No. 75 is to improve the usefulness of financial information about postemployment benefits other than pensions (other postemployment benefits or OPEB). Statement No. 75 replaces Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plan*.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Cedar Falls Community School District as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provides information about the activities of the whole District, presenting both an aggregate view of the District's finances and a long-term view of those finances. Fund financial statements report individual parts of District operations in more detail than District wide statements. For governmental funds these statements tell how educational and operational services were funded in the short term as well as what remains for future funding. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in a single column.

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this report includes all the funds used by the District to provide programs and activities, the report strives to show how the District performed financially during the 2020 fiscal year. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. These bases of accounting reflect all of the current year's revenues and expenses regardless of when cash was received or paid.

These statements report the District's net position and changes in net position. Reporting changes in net position is important because it identifies whether the financial picture of the District has improved or diminished for the District as whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include District property tax assessed valuation, facility needs, required educational programs, and other factors.

In the statement of net position and statement of activities, the District is divided into three distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here, including instruction, co-curricular activities, support services (health services, guidance, media, and administration), custodial, building operations and maintenance, and pupil transportation.

Business-Type Activity – This service is provided on a charge for goods or services basis to recover all of the expenses for good or services provided. These types of activities are also known as Enterprise funds. The Nutrition and High School Student Coffee Shop funds are reported as a business activity.

Fiduciary/Trust Activity – The District is the trustee or fiduciary for assets that belong to others. The District is responsible for ensuring that the assets in these funds are used for their intended purpose. These assets are excluded from the government-wide financial statements because the District cannot use these assets to finance its operations. The River Hills School consortium, private purpose trust and agency funds are reported here.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major fund(s). The District uses different funds in accordance with the Uniform Financial Accounting for Iowa LEA's, as required by the Iowa Department of Education, to record its financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major funds for 2020 are:

- Governmental Funds
 - General Fund
 - Debt Service Fund
 - Capital Project Funds
 - Capital Projects (GO Bond) Fund
 - Statewide Sales & Service Tax Fund
 - Physical Plant & Equipment Levy
- Enterprise Fund
 - Nutrition Fund

Governmental Funds

Most of the District's transactions are reported in governmental funds, which focus on how monies flow into and out of these funds and the balances left at fiscal year end for spending in the future. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The differences between governmental activities reported in the statement of net position and the statement of activities are reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

District Net Position as a Whole

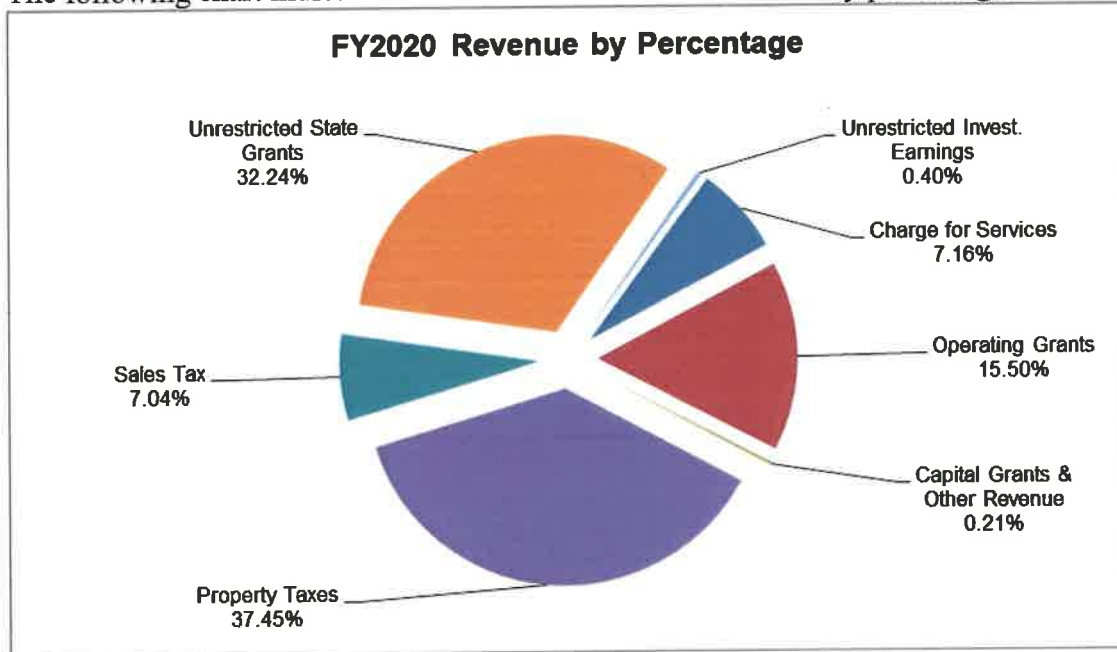
The following is a summary of the District's net position as a whole. The Cedar Falls Community School District's total net position increased from the fiscal 2019 total of \$57,086,429 to a total of \$58,773,396 in fiscal 2020 or a 2.96% increase from the previous fiscal year.

Condensed Statement of Net Position							
	Governmental		Business-type		Total		Percent
	Activities		Activities				
	2019	2020	2019	2020	2019	2020	Change
Current & Other Assets	\$ 53,612,215	60,795,935	\$ 941,399	885,353	\$ 54,553,614	61,681,288	13.07%
Capital Assets	112,115,529	114,840,586	117,933	75,575	112,233,462	114,916,161	2.39%
Total Assets	165,727,744	175,636,521	1,059,332	960,928	166,787,076	176,597,449	5.88%
Deferred Outflows of Resources							
Pension/OPEB Related Def Outflow	9,810,943	7,837,911	199,682	159,957	10,010,625	7,997,868	-20.11%
Long-term Obligations:							
Due Within One Year	3,696,323	4,033,063	-	-	3,696,323	4,033,063	9.11%
Due After One Year	76,642,964	79,240,885	636,181	581,189	77,279,145	79,822,074	3.29%
Other Liabilities	7,946,545	7,721,234	108,365	169,448	8,054,910	7,890,682	-2.04%
Total Liabilities	88,285,832	90,995,182	744,546	750,637	89,030,378	91,745,819	3.05%
Deferred Inflows of Resources							
Unavailable Property Tax Revenue	29,087,947	29,393,648	-	-	29,087,947	29,393,648	1.05%
Pension/OPEB Related Deferred Inflow	1,561,088	4,592,065	31,859	90,389	1,592,947	4,682,454	193.95%
Advanced Refunding Deferred Inflow	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	30,649,035	33,985,713	31,859	90,389	30,680,894	34,076,102	11.07%
Net Assets							
Invested in Capital Assets -							
Net of Related Debt	65,727,769	62,894,501	117,933	75,575	65,845,702	62,970,076	-4.37%
Restricted	5,934,260	6,126,272	-	-	5,934,260	6,126,272	3.24%
Unrestricted	-15,058,209	-10,527,236	364,676	204,284	-14,693,533	-10,322,952	29.74%
Total Net Assets	\$ 56,603,820	58,493,537	\$ 482,609	279,859	\$ 57,086,429	58,773,396	2.96%

The following analysis identifies the change in net position for the year ending June 30, 2020:

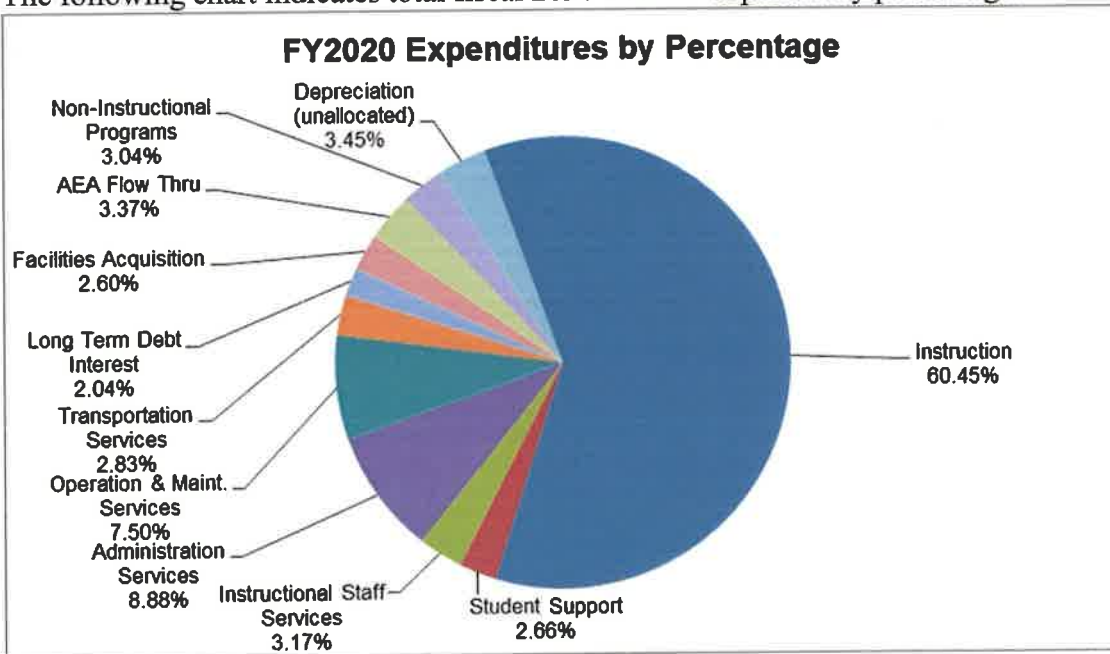
	Change in Net Position						
	Governmental		Business-type		Total		Percent Change
	Activities		Activities				
	2019	2020	2019	2020	2019	2020	
Revenue							
Program Revenue							
Charge for Services	\$ 4,941,769	4,334,641	\$ 1,490,162	1,181,217	\$ 6,431,931	5,515,858	-14.24%
Operating Grants	10,481,177	10,953,048	980,244	982,780	11,461,421	11,935,828	4.14%
Capital Grants	95,002	94,595	-	-	95,002	94,595	-0.43%
General Revenue							
Property Taxes	27,746,837	28,847,585	-	-	27,746,837	28,847,585	3.97%
Sales and Income Tax	5,259,465	5,424,200	-	-	5,259,465	5,424,200	3.13%
Unrestricted State Grants	24,035,959	24,836,608	-	-	24,035,959	24,836,608	3.33%
Unrestricted Invest. Earnings	492,417	297,237	17,495	9,241	509,912	306,478	-39.90%
Other Revenue	113,921	67,602	-	-	113,921	67,602	-40.66%
Transfers	18,979	56,795	(18,979)	(56,795)	-	-	0.00%
Total Revenue	73,185,526	74,912,311	2,468,922	2,116,443	75,654,448	77,028,754	1.82%
Program Expense							
Instruction	44,350,716	45,244,733	-	-	44,350,716	45,244,733	2.02%
Student Support	1,933,695	1,993,788	-	-	1,933,695	1,993,788	3.11%
Instructional Staff Services	2,304,079	2,374,335	-	-	2,304,079	2,374,335	3.05%
Administration Services	6,348,339	6,649,188	-	-	6,348,339	6,649,188	4.74%
Operation & Maint. Services	5,456,386	5,612,524	-	-	5,456,386	5,612,524	2.86%
Transportation Services	2,324,690	2,121,145	-	-	2,324,690	2,121,145	-8.76%
Long Term Debt Interest	1,284,357	1,529,635	-	-	1,284,357	1,529,635	19.10%
Facilities Acquisition	432,579	1,942,911	-	-	432,579	1,942,911	349.15%
AEA Flow Thru	2,426,393	2,524,526	-	-	2,426,393	2,524,526	4.04%
Non-Instructional Programs	-	-	2,518,272	2,276,485	2,518,272	2,276,485	-9.60%
Depreciation (unallocated)	2,284,003	2,579,747	-	-	2,284,003	2,579,747	12.95%
Total Expenses	69,145,237	72,572,532	2,518,272	2,276,485	71,663,509	74,849,017	4.45%
Increase (Decrease) Net Position	4,040,289	2,339,779	(49,350)	(160,042)	3,990,939	2,179,737	-45.38%
Net Position Beginning of Year	52,563,531	56,603,820	531,959	482,609	53,095,490	57,086,429	7.52%
Prior Period Adjustment		(450,062)		(42,708)		(492,770)	
Net Position End of Year	\$ 56,603,820	58,493,537	482,609	279,859	57,086,429	58,773,396	2.96%

The following chart indicates total fiscal 2020 District revenue by percentage:



Note: Due to rounding percentages may not total 100.00 %

The following chart indicates total fiscal 2020 District expenses by percentage:



Note: Due to rounding percentages may not total 100.00 %

Financial Analysis of the District's Funds

The Cedar Falls Community School District uses fund accounting on the modified accrual basis to ensure and demonstrate compliance with finance-related legal requirements.

The District governmental funds reported combined fund balances of \$23,468,485. This is a \$6,778,466 increase from the 2019 fiscal year combined fund balances of \$16,690,019.

The District's General Fund (including the Instructional Support Fund) end of year fund balance increased \$391,886 to \$4,707,071 from the 2019 fiscal year end balance of \$4,315,185.

Budgeting Highlights

The Cedar Falls Community School District Board of Education annually adopts a budget as required by Iowa law. Proper public notice and a required public hearing are held before final approval of the budget. The State of Iowa requires approval of the budget on or before April 15th of each year. The budget documents present functional disbursements by fund and the legal level of control is at the expense level by total Instruction, total Support Services, total Non-Instructional Programs, total Other Expenditures and total Expenditures. The District amends the budget, as allowed by Iowa law, to reflect the additional revenues and expenditures that may occur during the school year. The District amended its budget for fiscal 2020 in instructional activities due to increasing student enrollment and the need to employ additional teaching staff. In addition, support services, non-instructional programs and other expenditures were also amended due to food service kitchen decentralization, 19-acre land purchase on W. 27th Street and fleet additions.

The following chart identifies the original and amended budget for fiscal 2020 as well as the actual revenue and expenditures for the year:

Budgetary Comparison Schedule				
	Original Budget	Final Amended	Actual	Variance
Revenue				
Local Sources	\$ 35,413,230	\$ 35,413,230	\$ 34,703,844	\$ (709,386)
Intermediate Sources	-	-	-	-
State Sources	39,139,854	39,139,854	39,279,524	139,670
Federal Sources	2,993,563	2,993,563	2,645,398	(348,165)
Total Budget Revenue	\$ 77,546,647	\$ 77,546,647	\$ 76,628,766	\$ (917,881)
Expenditures				
Instruction	\$ 45,932,014	\$ 47,088,641	\$ 43,562,633	\$ 3,526,008
Support Services	18,803,173	19,811,298	17,985,341	1,825,957
Non-Instructional	2,819,233	2,889,661	2,276,485	613,176
Other Expenditures	12,265,870	20,327,546	16,256,143	4,071,403
Total Budget Expenses	\$ 79,820,290	\$ 90,117,146	\$ 80,080,602	\$ 10,036,544

Fund Balance vs. Unspent (Unused) Budget Authority

Unspent budget authority is a unique feature of the Iowa school foundation formula. Iowa public school districts are required to report fund balance and unused budget authority.

Simply stated, fund balance is the balance remaining assuming the District would cease operations at the end of the fiscal year. The following pages within the audit report will state fund balances for the various funds required to operate the District.

The Iowa public school funding formula is a pupil-based formula. Each district receives an amount of funding (cash) and the authorization to spend it (authority). Another way to look at authority is to think of it as a credit card limit. Simply stated the budget authority is the number of student's times the formula amount per student. Unspent budget authority is the total authority (credit card limit) minus expenditures for the fiscal year. This "unspent budget authority" amount is carried forward and is included in the total authorized budget or spending authority for the next fiscal year.

Total authorized budget or spending authority is the legal limit an Iowa public school district can spend in a fiscal year. As stated above, this is not the same as cash or fund balance. The State of Iowa has established spending authority to enforce per pupil spending equity across the state. Unspent budget authority gained more importance in 2007 when the Iowa Legislature passed a law allowing the initiation of a Phase II review of public-school districts that overspend their budget spending authority for two consecutive years. This review is both a financial viability review as well as a full academic review. At the completion of the review, the School Budget Review Committee (SBRC), through the State Board of Education, may order remedies up to and including dissolution of the school district.

Adequate unspent budget authority is critical in management of the District in the event of unforeseen increases or decreases in enrollment as well unanticipated mid-year across the board reductions in state foundation aid. With 80% to 85% of a public-school districts expenses directly tied to labor contracts, it is very difficult to make mid-year corrections when state mandated across the board funding reductions are implemented.

The following chart shows the change in Unspent Budget Authority between fiscal years 2019 and 2020.

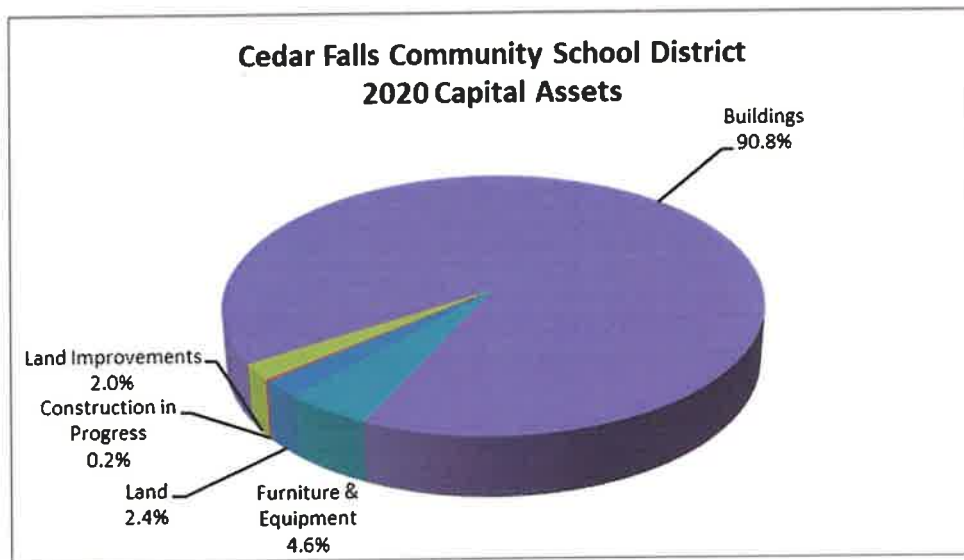
	Unspent Budget Authority Comparison		
	2019	2020	Change
Budget Revenue			
Maximum General Fund District Cost	\$ 50,575,651	\$ 52,550,255	\$ 1,974,604
Preschool Foundation Aid	468,152	567,600	99,448
Instructional Support Fund	2,681,623	2,780,076	98,453
Other Miscellaneous Income	5,847,731	5,439,003	(408,728)
Previous Year Unspent Budget Authority	7,695,672	7,103,464	(592,208)
Maximum Budget Authority	\$ 67,268,829	\$ 68,440,398	\$ 1,171,569
Total Expenditures	\$ 60,165,365	\$ 60,784,628	\$ 619,263
End Fiscal Year Unspent Budget Authority	\$ 7,103,464	\$ 7,655,770	\$ 552,306

Capital Assets Administration

Capital Assets

At the end of the 2020 fiscal year, the District had invested \$114,916,161 (net of accumulated depreciation) in a broad range of capital assets, including land, buildings, vehicles, technology, media/audio visual equipment, and classroom equipment. The District had depreciation expense of \$3,022,644 and total accumulated depreciation of \$43,560,229 as of June 30, 2020. The following chart shows the comparison in capital assets for 2019 and 2020.

	Capital Assets (net of depreciation)							Percent Change
	Governmental Activities		Business-type Activities		Total			
	2019	2020	2019	2020	2019	2020		
Land	\$ 2,965,334	3,745,334	\$ -	-	\$ 2,965,334	3,745,334	26.30%	
Construction in Progress	17,135,098	363,223	-	-	17,135,098	363,223	-97.88%	
Land Improvements	3,169,966	3,169,966	-	-	3,169,966	3,169,966	0.00%	
Buildings	122,120,404	143,934,539	-	-	122,120,404	143,934,539	17.86%	
Furniture & Equipment	8,326,001	6,725,823	775,630	537,505	9,101,631	7,263,328	-20.20%	
Total	\$ 153,716,803	157,938,885	\$ 775,630	537,505	\$ 154,492,433	158,476,390	2.58%	



More detailed information is available in the Notes to Financial Statements, item 4.

Debt Administration

As of June 30, 2020, total District outstanding long-term debt is \$83,855,137. Debt consists of \$28,965,920 in general obligation bonds, \$22,980,165 in revenue bonds, \$2,849,593 in compensated absences and OPEB liabilities and \$28,478,270 in long-term pension liabilities in governmental activities. Business type activities debt consisted of \$581,189 in long-term pension liabilities. The following shows the debt comparison between fiscal years 2019 and 2020.

	<u>Long-term Debt Obligations</u>				
	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
<u>General Obligation Bonds</u>					
Bonds Payable	29,620,000	-	1,400,000	28,220,000	1,425,000
Premium	792,540	-	46,620	745,920	46,620
Total General Obligation Bonds	\$ 30,412,540	\$ -	\$ 1,446,620	\$ 28,965,920	\$ 1,471,620
<u>Revenue Bonds</u>					
Bonds Payable	15,955,000	10,000,000	2,990,000	22,965,000	2,310,000
Premium	20,220	-	5,055	15,165	5,055
Total Revenue Bonds	\$ 15,975,220	\$ 10,000,000	\$ 2,995,055	\$ 22,980,165	\$ 2,315,055
<u>Other Liabilities</u>					
Note Payable	-	-	-	-	-
Compensated Absences	204,648	246,388	204,648	246,388	246,388
Net OPEB Liability	2,574,000	29,205	-	2,603,205	-
Net Pension Liability	31,172,879	-	2,694,609	28,478,270	-
Total Other Liabilities	\$ 33,951,527	\$ 275,593	\$ 2,899,257	\$ 31,327,863	\$ 246,388
Total Governmental Activities	\$ 80,339,287	\$ 10,275,593	\$ 7,340,932	\$ 83,273,948	\$ 4,033,063
<u>Business Type Activities</u>					
Net Pension Liability	636,181	-	54,992	581,189	-
Total District Long-Term Debt	\$ 80,975,468	\$ 10,275,593	\$ 7,395,924	\$ 83,855,137	\$ 4,033,063

More detailed information can be found in the Notes to Financial Statements, item 5.

The District has pledged revenue bonds sold will maintain a coverage ratio of 1.20 or greater. The coverage ratio is determined by dividing total revenue per year by funds pledged for the same year. The chart below shows the historical and projected revenue bond debt coverage ratio.

School Infrastructure Sales, Service & Use Tax Debt Service						
	Statewide Allocation	Statewide Enrollment	Avg. Dollars per Pupil	Cedar Falls Enrollment	Cedar Falls Funds Pledged	Debt Service Coverage Ratio
FY2017	\$454,315,059	483,450.9	\$940	5,052.1	\$2,409,528	1.971
FY2018	\$471,365,846	485,147.3	\$972	5,146.8	\$2,406,210	2.079
FY2019	\$483,940,176	486,264.3	\$995	5,127.5	\$2,400,825	2.125
FY2020	\$505,593,619	487,651.5	\$1,037	5,237.6	\$3,454,753	1.572
FY2021 (est)	\$499,356,866	490,094.0	\$1,019	5,371.4	\$2,795,155	1.958

Enrollment is determined on Oct. 1st of the previous fiscal year. i.e. FY2020 enrollment is taken on Oct. 1, 2018. Total statewide allocation includes reconciliation payment. Final FY 21 data was not available at time of publication.

Current Issues

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

- The Iowa Legislature established an increase in “supplemental state aid” (formally “allowable growth”) of 2.30% (\$158) for the 2020/21 school year.
- Other 2020 legislative session actions that will directly impact Iowa public school districts include:
 - Increased state cost per pupil by \$10 to reduce the gap between the minimum and maximum regular program district cost per pupil (RPDC). The fiscal 2020 gap between minimum and maximum RPDC is now \$155.
 - Established a new statewide requirement regarding computer science in at least one grade level in elementary, middle, and high school with the school year starting on July 1, 2021 and develop a K-12 computer science plan.
- The October 1, 2020 certified student enrollment count, which is used to determine state foundation aid for the District for 2021/22 school year, increased by 85 students from the October 1, 2019 count. The number of open enrollment students from neighboring district’s attending Cedar Falls Schools decreased 10.0 from 295.0 to 285.0. The number of open enrollment students attending neighboring school districts increased 8.1 from 94 to 102.1. The 182.9 open enrollment student net gain provides approximately \$1.28 million in revenue for the District general operating fund.
- The District’s 4-year-old (pre-school) program enrollment increased by 12 students to a total enrollment of 171. The State of Iowa provides funding for four-year-old students enrolled in the program at 50% of regular program cost per student, or \$3,524 per student for the 2020/21 school year.
- Iowa Governor Kim Reynolds declared a proclamation closing all school districts effective March 13, 2020 with no return, due to COVID-19 for SY2019-20. School districts were required to submit a Return to Learn Plan for the SY2020-21. Plans included in-person, hybrid and virtual programs.
- On March 27, 2020 President Trump signed the Coronavirus Aid, Relief and Economic Security (CARES) Act. The law provided emergency relief to schools across the county. Cedar Falls CSD received \$313,809.
- COVID-19 continues to expand across the state and nation, with positivity rates as high as 20% plus; therefore, impacting staffing needs. The Families First Coronavirus Responses Act (FFCRA) requires school districts to provide their employees with paid sick leave and expanded family and medical leave for specified reasons related to the pandemic. These provisions apply from April 1, 2020 through December 31, 2020.
- The demand for new homes within the District continues to be strong. New residential neighborhoods with over 500 lots are under development in the southern and western sections of Cedar Falls to include the newest addition West Fork Crossing. In addition, the River Place project continues to bring new residential and commercial property expansion to downtown Cedar Falls.

- Industrial and retail construction continues to grow in both the north and south industrial parks. Growth also continues in the Viking Road retail shopping district and the Pinnacle Prairie planned development.
- Revenue received from the State Secure an Advanced Vision for Education (SAVE) one-cent sales tax increased from \$5,259,465 in FY2019 to \$5,270,944 in FY2020. Revenue from the SAVE fund is determined by dividing the total amount of one cent sales tax dollars generated throughout Iowa by the total number of students enrolled in Iowa public schools. District is projected to receive \$5,199,276 in FY2021.
- The community passed a \$69.9 million-dollar general obligation bond on June 25, 2019 to fund a new high school located on West 27th St. west of the University of Northern Iowa Dome.
- The District sold \$10 million dollars of School Infrastructure Sales, Services and Use Tax Revenue Bonds on November 12, 2019 for the purpose of providing funds to pay the initial costs, furnishing and equipping a new high school building and improving the site.
- The District continues to work on facility needs including a new high school and decentralization of kitchen operations.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. If you have any questions about this report, or need additional financial information, please contact Mrs. Denelle Gonnerman, Chief Financial Officer/Board Secretary, Cedar Falls Community School District, 1002 West First St., Cedar Falls, Iowa 50613.

It is the policy of the Cedar Falls Community School District to not discriminate in its educational activities on the basis of race, color, creed, marital status, socio-economic status, national origin, religion, sex, sexual orientation, gender identity or disability.

Basic Financial Statements

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	
Assets				
Cash, cash equivalents and pooled investments	\$29,355,622	\$ 779,598	\$30,135,220	\$ 2,968,643
Receivables:				
Property tax:				
Delinquent	469,602	-	469,602	-
Succeeding year	29,393,648	-	29,393,648	-
Accounts	623,532	-	623,532	-
Accrued interest	55,290	-	55,290	-
Due from other governments	858,300	-	858,300	-
Due from other funds	26,377	-	26,377	-
Inventories	13,564	105,755	119,319	-
Capital assets, net of accumulated depreciation	114,840,586	75,575	114,916,161	-
Total assets	<u>175,636,521</u>	<u>960,928</u>	<u>176,597,449</u>	<u>2,968,643</u>
Deferred Outflows of Resources				
Pension related deferred outflows	7,837,911	159,957	7,997,868	-
Total deferred outflows of resources	<u>7,837,911</u>	<u>159,957</u>	<u>7,997,868</u>	<u>-</u>
Liabilities				
Accounts payable	1,306,103	131,671	1,437,774	8,945
Salaries and benefits payable	6,297,971	37,777	6,335,748	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Accrued interest payable	117,160	-	117,160	-
Long-term liabilities:				
Portion due within one year:				
Compensated absences	246,388	-	246,388	-
General obligation bonds	1,471,620	-	1,471,620	-
Revenue bonds	2,315,055	-	2,315,055	-
Note payable	-	-	-	-
Portion due after one year:				
General obligation bonds	27,494,300	-	27,494,300	-
Revenue bonds	20,665,110	-	20,665,110	-
Net pension liability	28,478,270	581,189	29,059,459	-
Net OPEB liability	2,603,205	-	2,603,205	-
Total liabilities	<u>90,995,182</u>	<u>750,637</u>	<u>91,745,819</u>	<u>8,945</u>
Deferred Inflows of Resources				
Unavailable property tax revenue	29,393,648	-	29,393,648	-
Pension related deferred inflows	4,429,044	90,389	4,519,433	-
OPEB related deferred inflows	163,021	-	163,021	-
Total deferred inflows of resources	<u>33,985,713</u>	<u>90,389</u>	<u>34,076,102</u>	<u>-</u>
Net Position				
Net investment in capital assets	62,894,501	75,575	62,970,076	-
Restricted for:				
Categorical funding	578,001	-	578,001	-
Management levy	896,165	-	896,165	-
Student activities	565,440	-	565,440	-
Other special revenue purposes	22,345	-	22,345	-
Physical plant and equipment levy	4,064,321	-	4,064,321	-
Unrestricted	<u>(10,527,236)</u>	<u>204,284</u>	<u>(10,322,952)</u>	<u>2,959,698</u>
Total net position	<u>\$58,493,537</u>	<u>\$ 279,859</u>	<u>\$58,773,396</u>	<u>\$ 2,959,698</u>

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Primary Government:				
Governmental Activities:				
Instruction:				
Regular instruction	\$ 30,591,228	\$ 2,022,237	\$ 7,238,377	\$ -
Special instruction	8,940,328	1,110,944	393,178	-
Other instruction	5,713,177	985,255	735,249	-
	<u>45,244,733</u>	<u>4,118,436</u>	<u>8,366,804</u>	<u>-</u>
Support services:				
Student services	1,993,788	-	-	-
Instructional staff services	2,374,335	-	-	-
Administration services	6,649,188	10,557	-	-
Operation and maintenance of plant services	5,612,524	190,240	-	94,595
Transportation services	2,121,145	15,408	61,718	-
	<u>18,750,980</u>	<u>216,205</u>	<u>61,718</u>	<u>94,595</u>
Other expenditures:				
Facilities acquisition	1,942,911	-	-	-
Long-term debt interest and other charges	1,529,635	-	-	-
AEA flowthrough	2,524,526	-	2,524,526	-
Depreciation (unallocated)	2,579,747	-	-	-
	<u>8,576,819</u>	<u>-</u>	<u>2,524,526</u>	<u>-</u>
Total governmental activities	<u>72,572,532</u>	<u>4,334,641</u>	<u>10,953,048</u>	<u>94,595</u>
Business Type Activities:				
Non-instructional programs:				
Food service operations	2,276,485	1,181,217	982,780	-
Total	<u>\$ 74,849,017</u>	<u>\$ 5,515,858</u>	<u>\$ 11,935,828</u>	<u>\$ 94,595</u>
Component Unit:				
Cedar Falls Community Schools Foundation	<u>\$ 153,236</u>	<u>\$ -</u>	<u>\$ 169,803</u>	<u>\$ -</u>
General Revenues:				
Property taxes, levied for:				
General purposes				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Transfers				
Total general revenues				
Change in net position				
Net position beginning of year				
Prior period adjustment				
Adjusted net position beginning of year				
Net position end of year				

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	
\$(21,330,614)	\$ -	\$(21,330,614)	\$ -
(7,436,206)	-	(7,436,206)	-
(3,992,673)	-	(3,992,673)	-
<u>(32,759,493)</u>	<u>-</u>	<u>(32,759,493)</u>	<u>-</u>
(1,993,788)	-	(1,993,788)	-
(2,374,335)	-	(2,374,335)	-
(6,638,631)	-	(6,638,631)	-
(5,327,689)	-	(5,327,689)	-
(2,044,019)	-	(2,044,019)	-
<u>(18,378,462)</u>	<u>-</u>	<u>(18,378,462)</u>	<u>-</u>
(1,942,911)	-	(1,942,911)	-
(1,529,635)	-	(1,529,635)	-
-	-	-	-
(2,579,747)	-	(2,579,747)	-
<u>(6,052,293)</u>	<u>-</u>	<u>(6,052,293)</u>	<u>-</u>
<u>(57,190,248)</u>	<u>-</u>	<u>(57,190,248)</u>	<u>-</u>
-	(112,488)	(112,488)	-
<u>(57,190,248)</u>	<u>(112,488)</u>	<u>(57,302,736)</u>	<u>-</u>
			<u>16,567</u>
28,847,585	-	28,847,585	-
5,424,200	-	5,424,200	-
24,836,608	-	24,836,608	-
297,237	9,241	306,478	89,586
67,602	-	67,602	19,664
56,795	(56,795)	-	-
<u>59,530,027</u>	<u>(47,554)</u>	<u>59,482,473</u>	<u>109,250</u>
<u>2,339,779</u>	<u>(160,042)</u>	<u>2,179,737</u>	<u>125,817</u>
56,603,820	482,609	57,086,429	2,833,881
(450,062)	(42,708)	(492,770)	-
<u>56,153,758</u>	<u>439,901</u>	<u>56,593,659</u>	<u>2,833,881</u>
<u>\$ 58,493,537</u>	<u>\$ 279,859</u>	<u>\$ 58,773,396</u>	<u>\$ 2,959,698</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2020

	General	Debt Service
Assets		
Cash, cash equivalents and pooled investments	\$ 10,473,778	\$ 31,059
Receivables:		
Property tax:		
Delinquent	362,435	39,819
Succeeding year	22,808,084	2,394,281
Accounts	623,312	-
Accrued interest	-	-
Due from other governments	401,126	-
Due from other funds	26,377	-
Inventories	13,564	-
	<u>\$ 34,708,676</u>	<u>\$ 2,465,159</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ 565,822	\$ -
Salaries and benefits payable	6,297,971	-
Due to other governments	-	-
Due to other funds	-	-
Total liabilities	<u>6,863,793</u>	<u>-</u>
Deferred Inflows of Resources:		
Unavailable revenues:		
Succeeding year property tax	22,808,084	2,394,281
Other	329,728	-
	<u>23,137,812</u>	<u>2,394,281</u>
Fund balances:		
Nonspendable	13,564	-
Restricted for:		
Categorical funding	578,001	-
Debt service	-	70,878
Management levy purposes	-	-
Student activities	-	-
Public purpose trust funds	-	-
School infrastructure	-	-
Physical plant and equipment	-	-
Unassigned	4,115,506	-
Total fund balances	<u>4,707,071</u>	<u>70,878</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 34,708,676</u>	<u>\$ 2,465,159</u>

See notes to financial statements.

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 17,364,776	\$ 1,486,009	\$ 29,355,622
59,304	8,044	469,602
3,693,854	497,429	29,393,648
-	220	623,532
55,290	-	55,290
457,174	-	858,300
-	-	26,377
-	-	13,564
<u>\$ 21,630,398</u>	<u>\$ 1,991,702</u>	<u>\$ 60,795,935</u>
\$ 729,958	\$ 10,323	\$ 1,306,103
-	-	6,297,971
-	-	-
-	-	-
<u>729,958</u>	<u>10,323</u>	<u>7,604,074</u>
3,693,854	497,429	29,393,648
-	-	329,728
<u>3,693,854</u>	<u>497,429</u>	<u>29,723,376</u>
-	-	13,564
-	-	578,001
-	-	70,878
-	896,165	896,165
-	565,440	565,440
-	22,345	22,345
13,142,265	-	13,142,265
4,064,321	-	4,064,321
-	-	4,115,506
<u>17,206,586</u>	<u>1,483,950</u>	<u>23,468,485</u>
<u>\$ 21,630,398</u>	<u>\$ 1,991,702</u>	<u>\$ 60,795,935</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

June 30, 2020

Total fund balances of governmental funds (page 19)	\$23,468,485
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.	114,840,586
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	329,728
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.	(117,160)
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	\$ 7,837,911
Deferred inflows of resources	<u>(4,592,065)</u>
	3,245,846
Long-term liabilities, including bonds payable, compensated absences payable, total OPEB liability and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(83,273,948)</u>
Net position of governmental activities (page 17)	<u>\$58,493,537</u>

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2020

	General	Debt Service
Revenues:		
Local sources:		
Local tax	\$ 22,328,302	\$ 2,419,396
Tuition	2,754,397	-
Other	618,094	14,027
State sources	33,666,189	64,275
Federal sources	1,678,535	-
Total revenues	<u>61,045,517</u>	<u>2,497,698</u>
Expenditures:		
Current:		
Instruction:		
Regular instruction	28,403,181	-
Special instruction	8,623,222	-
Other instruction	4,576,608	-
	<u>41,603,011</u>	<u>-</u>
Support services:		
Student services	1,931,565	-
Instructional staff services	2,157,129	-
Administration services	6,102,980	-
Operation and maintenance of plant services	4,758,717	-
Transportation services	1,706,700	-
	<u>16,657,091</u>	<u>-</u>
Other expenditures:		
Facilities acquisition and construction	-	-
Long-term debt:		
Principal	-	4,390,000
Interest and other charges	-	1,536,353
AEA flowthrough	2,524,526	-
	<u>2,524,526</u>	<u>5,926,353</u>
Total expenditures	<u>60,784,628</u>	<u>5,926,353</u>
Excess (deficiency) of revenues over (under) expenditures	<u>260,889</u>	<u>(3,428,655)</u>
Other financing sources (uses):		
Proceeds from sale of real or personal property	67,602	-
Proceeds from revenue bond issuance	-	-
Operating transfers in	63,395	3,476,480
Operating transfers out	-	-
Total other financing sources (uses)	<u>130,997</u>	<u>3,476,480</u>
Change in fund balances	391,886	47,825
Fund balances beginning of year	<u>4,315,185</u>	<u>23,053</u>
Fund balances end of year	<u>\$ 4,707,071</u>	<u>\$ 70,878</u>

See notes to financial statements.

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,603,343	\$ 496,544	\$ 28,847,585
-	-	2,754,397
272,394	1,009,547	1,914,062
5,519,929	13,214	39,263,607
-	-	1,678,535
<u>9,395,666</u>	<u>1,519,305</u>	<u>74,458,186</u>
888,631	103,457	29,395,269
-	-	8,623,222
-	967,534	5,544,142
<u>888,631</u>	<u>1,070,991</u>	<u>43,562,633</u>
-	-	1,931,565
155,133	-	2,312,262
254,380	16,320	6,373,680
238,244	450,987	5,447,948
124,360	88,826	1,919,886
<u>772,117</u>	<u>556,133</u>	<u>17,985,341</u>
7,765,171	-	7,765,171
-	-	4,390,000
40,093	-	1,576,446
-	-	2,524,526
<u>7,805,264</u>	<u>-</u>	<u>16,256,143</u>
<u>9,466,012</u>	<u>1,627,124</u>	<u>77,804,117</u>
<u>(70,346)</u>	<u>(107,819)</u>	<u>(3,345,931)</u>
-	-	67,602
10,000,000	-	10,000,000
-	-	3,539,875
<u>(3,476,480)</u>	<u>(6,600)</u>	<u>(3,483,080)</u>
<u>6,523,520</u>	<u>(6,600)</u>	<u>10,124,397</u>
6,453,174	(114,419)	6,778,466
<u>10,753,412</u>	<u>1,598,369</u>	<u>16,690,019</u>
<u>\$ 17,206,586</u>	<u>\$ 1,483,950</u>	<u>\$ 23,468,485</u>

CEDAR FALLS 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 (page 21) \$ 6,778,466

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. Capital outlay expenditures exceeded depreciation in the current year, as follows:

Expenditures for capital assets	\$ 6,178,220	
Depreciation expense	<u>(3,003,101)</u>	3,175,119

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

329,728

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 repayments exceeded issuances, as follows:

Issuances	(10,000,000)	
Repayments	<u>4,390,000</u>	(5,610,000)

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

(4,864)

Amortization of premium on long-term liabilities decreases long-term liabilities on the Statement of Net Position, and is included with interest on long-term debt on the Statement of Activities.

51,675

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.

3,667,819

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

Compensated absences	(41,740)	
Pension expense	(5,787,675)	
OPEB expense	<u>(218,749)</u>	<u>(6,048,164)</u>

Change in net position of governmental activities (page 18)

\$ 2,339,779

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Net Position
Proprietary Funds

June 30, 2020

	Enterprise		Total
	School Nutrition	Coffee Shop	
Assets			
Current assets:			
Cash and cash equivalents	\$ 769,227	\$ 10,371	\$ 779,598
Accounts receivable	-	-	-
Accrued interest receivable	-	-	-
Due from other governments	-	-	-
Inventories	105,755	-	105,755
Total current assets	<u>874,982</u>	<u>10,371</u>	<u>885,353</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	75,575	-	75,575
Total assets	<u>950,557</u>	<u>10,371</u>	<u>960,928</u>
Deferred Outflows of Resources			
Pension related deferred outflows of resources	<u>159,957</u>	<u>-</u>	<u>159,957</u>
Liabilities			
Current liabilities:			
Accounts payable	131,671	-	131,671
Salaries and benefits payable	37,777	-	37,777
Due to other funds	-	-	-
Total current liabilities	<u>169,448</u>	<u>-</u>	<u>169,448</u>
Noncurrent liabilities:			
Net pension liability	<u>581,189</u>	<u>-</u>	<u>581,189</u>
Total liabilities	<u>750,637</u>	<u>-</u>	<u>750,637</u>
Deferred Inflows of Resources			
Pension related deferred inflows of resources	<u>90,389</u>	<u>-</u>	<u>90,389</u>
Net position			
Investment in capital assets	75,575	-	75,575
Unrestricted	193,913	10,371	204,284
Total net position	<u>\$ 269,488</u>	<u>\$ 10,371</u>	<u>\$ 279,859</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2020

	Enterprise		Total
	School Nutrition	Coffee Shop	
Operating revenues:			
Local sources:			
Charges for service	\$ 1,155,306	\$ -	\$ 1,155,306
Other	11,879	14,032	25,911
Total operating revenues	<u>1,167,185</u>	<u>14,032</u>	<u>1,181,217</u>
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	892,384	-	892,384
Benefits	288,087	-	288,087
Purchased services	37,103	-	37,103
Supplies	1,030,780	8,588	1,039,368
Depreciation	19,543	-	19,543
Total operating expenses	<u>2,267,897</u>	<u>8,588</u>	<u>2,276,485</u>
Operating income (loss)	<u>(1,100,712)</u>	<u>5,444</u>	<u>(1,095,268)</u>
Non-operating revenues:			
State sources	15,917	-	15,917
Federal sources	966,863	-	966,863
Interest on investments	9,241	-	9,241
Total non-operating revenues	<u>992,021</u>	<u>-</u>	<u>992,021</u>
Non-operating expenses:			
Operating transfer out	<u>(56,795)</u>	<u>-</u>	<u>(56,795)</u>
Change in net position	<u>(165,486)</u>	<u>5,444</u>	<u>(160,042)</u>
Net position beginning of year	477,682	4,927	482,609
Prior period adjustment	<u>(42,708)</u>	<u>-</u>	<u>(42,708)</u>
Adjusted net position beginning of year	<u>434,974</u>	<u>4,927</u>	<u>439,901</u>
Net position end of year	<u>\$ 269,488</u>	<u>\$ 10,371</u>	<u>\$ 279,859</u>

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2020

	Enterprise		Total
	School Nutrition	Coffee Shop	
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 1,167,450	\$ 14,032	\$ 1,181,482
Cash payments to employees for services	(1,135,162)	-	(1,135,162)
Cash payments to suppliers for goods or services	(960,157)	(8,588)	(968,745)
Net cash provided by (used by) operating activities	<u>(927,869)</u>	<u>5,444</u>	<u>(922,425)</u>
Cash flows from non-capital financing activities:			
State grants received	15,917	-	15,917
Federal grants received	837,205	-	837,205
Net cash provided by non-capital financing activities	<u>853,122</u>	<u>-</u>	<u>853,122</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(19,893)	-	(19,893)
Disposition of capital assets	-	-	-
Net cash used by capital and related financing activities	<u>(19,893)</u>	<u>-</u>	<u>(19,893)</u>
Cash flows from investing activities:			
Interest on investments	9,241	-	9,241
Net increase in cash and cash equivalents	(85,399)	5,444	(79,955)
Cash and cash equivalents at beginning of year	854,626	4,927	859,553
Cash and cash equivalents at end of year	<u>\$ 769,227</u>	<u>\$ 10,371</u>	<u>\$ 779,598</u>
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:			
Operating income (loss)	\$ (1,100,712)	\$ 5,444	\$ (1,095,268)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:			
Commodities used	129,658	-	129,658
Depreciation	19,543	-	19,543
Transfers	(56,795)	-	(56,795)
Decrease in receivables	265	-	265
Increase in inventories	(24,174)	-	(24,174)
Increase in accounts payable	59,037	-	59,037
Increase in salaries and benefits payable	2,046	-	2,046
Decrease in due to others	-	-	-
Decrease in net pension liability	(54,992)	-	(54,992)
Decrease in deferred outflows of resources	39,725	-	39,725
Increase in deferred inflows of resources	58,530	-	58,530
Net cash provided by (used by) operating activities	<u>\$ (927,869)</u>	<u>\$ 5,444</u>	<u>\$ (922,425)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2020, the District received \$129,658 of federal commodities.

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2020

	Private Purpose Trust - Scholarships	Agency Funds
Assets		
Cash, cash equivalents and pooled investments	\$ 16,884	\$ 62,844
Accounts receivable	-	56,344
Due from others	-	538,144
	16,884	657,332
Liabilities		
Accounts payable	-	575,058
Due to other funds	-	26,377
Due to others	-	55,897
	-	657,332
Net position		
Reserved for scholarships	\$ 16,884	\$ -

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year ended June 30, 2020

	Private Purpose Trust - Scholarships
Additions:	
Local sources:	
Gifts and contributions	\$ 5,000
Interest income	396
Total additions	<u>5,396</u>
Deductions:	
Support services:	
Scholarships awarded	<u>5,000</u>
Total deductions	<u>5,000</u>
Change in net position	396
Net position beginning of year	<u>16,488</u>
Net position end of year	<u>\$ 16,884</u>

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Cedar Falls Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Discretely Presented Component Unit - The Cedar Falls Community Schools Foundation is a legally separate nonprofit corporation. The Foundation was established to promote and further the Educational process of the Cedar Falls Community School District.

Jointly Governed Organization - 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 Black Hawk County Assessor's Conference Board.

B. Basis of Presentation

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

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - (continued)

B. Basis of Presentation - (continued)

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

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

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

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

Fund Financial Statements - Separate financial statements are provided for the 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 Project 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 District reports the following major proprietary fund:

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - (continued)

B. Basis of Presentation - (continued)

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

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

C. Measurement Focus and Basis of Accounting

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

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

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered 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.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - (continued)

C. Measurement Focus and Basis of Accounting - (continued)

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund 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 cost.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - (continued)

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2019.

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

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

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

Land	\$	5,000
Buildings and improvements		5,000
Improvements other than buildings		5,000
Intangibles		50,000
Furniture and equipment:		
School Nutrition Fund equipment		5,000
Other furniture and equipment		5,000
Vehicles		5,000

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - (continued)

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

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

Buildings and improvements	50 years
Improvements other than buildings	20 - 50 years
Intangibles	5 - 10 years
Furniture and equipment	5 - 20 years
Vehicles	4 - 7 years

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

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

Advances from Grantors - Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

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

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

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - (continued)

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

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the Cedar Falls 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 and the Enterprise, School Nutrition Fund.

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

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

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

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form, such as inventories, or legally or contractually required to be maintained intact, such as the corpus of a permanent fund.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, contributors 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 removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned - Amounts that are constrained by the intent of the Board of Education, but are neither restricted nor committed.

Unassigned - All amounts not included in other spendable classifications.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - (continued)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020 expenditures did not exceed the amounts budgeted, and the District did not exceed its General Fund unspent authorized budget.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses, as appropriate during the reporting period. Actual results could differ from those estimates.

(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. However, the Board policy is to only invest in obligations of the United States government, its agencies and public funds instrumentalities and certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa.

During the year, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$0 at June 30, 2020. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

(3) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and education services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$2,524,526 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.

CEDAR FALLS 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 Adjusted	Increases	Decreases	Balance, End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,965,334	\$ 780,000	\$ -	\$ 3,745,334
Construction in progress	17,135,098	3,841,122	20,612,997	363,223
Total capital assets not being depreciated	<u>20,100,432</u>	<u>4,621,122</u>	<u>20,612,997</u>	<u>4,108,557</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	122,120,404	21,814,135	-	143,934,539
Improvements other than buildings	3,169,966	-	-	3,169,966
Furniture and equipment	2,053,367	181,056	-	2,234,423
Vehicles	4,436,426	174,904	119,930	4,491,400
Intangibles	-	-	-	-
Total capital assets being depreciated/amortized	<u>131,780,163</u>	<u>22,170,095</u>	<u>119,930</u>	<u>153,830,328</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	32,635,128	2,461,600	-	35,096,728
Improvements other than buildings	2,884,261	50,759	-	2,935,020
Furniture and equipment	1,663,740	133,051	-	1,796,791
Vehicles	3,031,999	357,691	119,930	3,269,760
Intangibles	-	-	-	-
Total accumulated depreciation/amortization	<u>40,215,128</u>	<u>3,003,101</u>	<u>119,930</u>	<u>43,098,299</u>
Total capital assets being depreciated/amortized, net	<u>91,565,035</u>	<u>19,166,994</u>	<u>-</u>	<u>110,732,029</u>
Governmental activities capital assets, net	<u>\$ 111,665,467</u>	<u>\$ 23,788,116</u>	<u>\$ 20,612,997</u>	<u>\$ 114,840,586</u>
Business type activities:				
Furniture, equipment, vehicles	\$ 517,612	\$ 19,893	\$ -	\$ 537,505
Less accumulated depreciation	442,387	19,543	-	461,930
Business type activities capital assets, net	<u>\$ 75,225</u>	<u>\$ 350</u>	<u>\$ -</u>	<u>\$ 75,575</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(4) Capital Assets - (continued)

Depreciation/amortization expense was charged to the following functions:

Governmental activities:

Instruction:		\$	35,139
Regular			-
Special			3,010
Other			-
Support services:			-
Support staff			2,026
Instructional staff			14,690
Administration			42,106
Operation and maintenance of plant			326,383
Transportation			423,354
			2,579,747
Unallocated depreciation/amortization			423,354
			\$ 3,003,101

Business type activities:

School nutrition			\$ 19,543
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(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 payable	\$ 29,620,000	\$ -	\$ 1,400,000	\$ 28,220,000	\$ 1,425,000
Premium	792,540	-	46,620	745,920	46,620
	30,412,540	-	1,446,620	28,965,920	1,471,620
Revenue					
Bonds payable	3,780,000	-	920,000	2,860,000	950,000
Premium	20,220	-	5,055	15,165	5,055
	3,800,220	-	925,055	2,875,165	955,055
Bonds payable	12,175,000	-	1,120,000	11,055,000	1,135,000
Bonds payable	-	10,000,000	950,000	9,050,000	225,000
Compensated absences					
absences	204,648	246,388	204,648	246,388	246,388
Net pension liab.					
Net pension liab.	31,172,879	-	2,694,609	28,478,270	-
Net OPEB liab.					
Net OPEB liab.	2,574,000	29,205	-	2,603,205	-
Total	\$ 80,339,287	\$ 10,275,593	\$ 7,340,932	\$ 83,273,948	\$ 4,033,063
Business type activities:					
Net pension liab.	\$ 636,181	\$ -	\$ 54,992	\$ 581,189	\$ -

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(5) Long-Term Liabilities - (continued)

General Obligation bonds:

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

Year Ending June 30,	Bond Issued February 7, 2017		
	Interest Rate	Principal	Interest
2021	4.000%	\$ 1,425,000	\$ 978,300
2022	4.000%	1,450,000	921,300
2023	3.500%	1,475,000	863,300
2024	5.000%	1,510,000	811,675
2025	5.000%	1,545,000	736,175
2026-2030	3.000%	8,570,000	2,792,875
2031-2035	3.000%-3.375%	10,000,000	1,406,819
2036	3.500%	2,245,000	78,575
		\$ 28,220,000	\$ 8,589,019

The proceeds of these bonds were expected to be used to (i) provide funds to construct, build, furnish, and equip a new elementary building and to improve the site; (ii) construct, build, furnish and equip additions to North Cedar and Orchard Hill elementary buildings, and to remodel, repair, improve, furnish and equip those buildings and improve those sites; and (iii) pay the cost of issuing the bonds. The bonds are a general obligation of the District, and the debt is subject to the constitutional debt limitation of the District.

Revenue bonds:

Details of the District's June 30, 2020 School Infrastructure Sales, Services and Use Tax bonded indebtedness are as follows:

Year Ending June 30,	Bond Issued September 23, 2013			Bond Issued November 21, 2016		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2021	2.500%	\$ 950,000	\$ 81,050	2.100%	\$ 1,135,000	\$ 232,155
2022	3.000%	965,000	57,300	2.100%	1,160,000	208,320
2023	3.000%	945,000	28,350	2.100%	1,180,000	183,960
2024		-	-	2.100%	1,205,000	159,180
2025		-	-	2.100%	1,225,000	133,875
2026-2030		-	-	2.100%	5,150,000	273,000
		\$ 2,860,000	\$ 166,700		\$ 11,055,000	\$ 1,190,490

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(5) Long-Term Liabilities - (continued)

Year Ending June 30,	Bond Issued November 12, 2019				Total	
	Interest Rate	Principal	Interest	Principal	Interest	Total
2021	1.800%	\$ 225,000	\$ 171,950	\$ 2,310,000	\$ 485,155	\$ 2,795,155
2022	1.800%	225,000	167,675	2,350,000	433,295	2,783,295
2023	1.800%	755,000	163,400	2,880,000	375,710	3,255,710
2024	1.800%	1,000,000	149,055	2,205,000	308,235	2,513,235
2025	1.800%	1,000,000	130,055	2,225,000	263,930	2,488,930
2026-2030	1.800%	5,845,000	357,675	10,995,000	630,675	11,625,675
		<u>\$ 9,050,000</u>	<u>\$ 1,139,810</u>	<u>\$ 22,965,000</u>	<u>\$ 2,497,000</u>	<u>\$ 25,462,000</u>

The District has pledged future school infrastructure sales, services and use tax revenues to repay the \$9,950,000 of bonds issued September 23, 2013. These bonds were issued to (i) finance the completion of the construction, furnishing, and equipping of additions to the existing school buildings and related remodeling and improvements; (ii) fund a debt service reserve fund in the amount of \$995,000; and (iii) pay the cost of issuance of the Bonds. The bonds are not a general obligation of the District, however, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the bonds is \$3,026,700. For the current year, principal of \$920,000 and interest of \$104,050 was paid. Total statewide sales, services and use tax revenues were \$5,424,200.

The District has pledged future school infrastructure sales, services and use tax revenues to repay the \$15,580,000 of refunding bonds issued November 21, 2016. These net proceeds, along with other resources, were paid to the bond escrow agent to provide for future debt service on the remaining \$16,095,000 balance of the \$20,500,000 bond issued June 1, 2011. As a result, that portion of the 2011 series bonds is considered defeased and the District has removed the liability from its accounts. The bonds are not a general obligation of the district, however, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the bonds is \$12,245,490. For the current year, principal of \$1,120,000 and interest of \$255,675 was paid.

The District has pledged future school infrastructure sales, services and use tax revenues to repay the \$10,000,000 of bonds issued November 14, 2019, for the purpose of providing funds to pay for the planning and design costs, land preparation and construction related to the District's new high school. The bonds are not a general obligation of the District, however, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the bonds is \$10,189,810. For the current year, principal of \$950,000 and interest of \$105,028 was paid.

(6) Construction Commitment

The District has entered into contracts for various building construction, improvement and roofing projects totaling \$1,091,270 as of June 30, 2020. Costs of \$363,223 on these contracts had been incurred as of June 30, 2020, \$117,364 had been paid, and \$245,859 was included in the accounts payable on the balance sheet. The balance of \$728,047 remaining on these contracts will be paid as work on the various projects progresses.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(7) 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.

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 that the member receives benefits before age 65.

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

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(7) Pension Plan (continued)

If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

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

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

The District's contributions to IPERS for the year ended June 30, 2019 were \$3,742,672.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the District recorded a liability of \$29,059,459 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 0.501833%, which was a decrease of 0.000819% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$5,905,791. 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
Difference between expected and actual experience	\$ 80,561	\$ 1,044,826
Changes of assumptions	3,112,684	-
Net difference between projected and actual earnings on IPERS investments	-	3,274,652
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	1,061,951	199,955
District contributions subsequent to the measurement date	3,742,672	-
Total	\$ 7,997,868	\$ 4,519,433

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(7) Pension Plan (continued)

\$3,742,672 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 Ended June 30,	
2021	\$ 1,035,630
2022	(393,849)
2023	(311,215)
2024	(512,814)
2025	(81,989)
Total	\$ (264,237)

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

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

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

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(7) Pension Plan (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	5.60%
International equity	15.0%	6.08%
Global smart beta equity	3.0%	5.82%
Core plus fixed income	27.0%	1.71%
Public credit	3.5%	3.32%
Public real assets	7.0%	2.81%
Cash	1.0%	-21.00%
Private equity	11.0%	10.13%
Private real assets	7.5%	4.76%
Private credit	3.0%	3.01%
Total	100.0%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit 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% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 51,600,219	\$ 29,059,459	\$ 10,152,518

IPERS' Fiduciary Net Position - Detailed information about the 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 \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(8) Other Postemployment Benefits (OPEB)

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

OPEB Benefits - Individuals who are employed by the Cedar Falls 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 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 benefits	16
Active employees	728
Total	744

Total OPEB Liability - The District's total OPEB liability of \$2,603,205 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)	3.00% per annum.
Rates of salary increases (effective June 30, 2020)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2020)	3.51% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	8.00% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

Discount Rate - the discount rate used to measure the total OPEB liability was 2.45% 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 actuarial experience studies with dates corresponding to those listed above.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(8) Other Postemployment Benefits (OPEB) (continued)

Changes in the Total OPEB Liability

Total OPEB liability beginning of year	\$	<u>2,574,000</u>
Changes for the year:		
Service cost		252,621
Interest		96,959
Difference between expected and actual experiences		(270,045)
Changes in assumptions		62,567
Benefit payments		(113,067)
Rounding		<u>170</u>
Net changes		<u>29,205</u>
Total OPEB liability end of year	\$	<u><u>2,603,205</u></u>

Changes of assumptions reflect a change in the discount rate from 3.50% in fiscal year 2019 to 2.45% 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 (1.45%) or 1% higher (3.45%) than the current rate.

	<u>1% Decrease (1.45%)</u>	<u>Discount Rate (2.45%)</u>	<u>1% Increase (3.45%)</u>
Total OPEB Liability	<u>\$ 2,816,732</u>	<u>\$ 2,603,205</u>	<u>\$ 2,402,656</u>

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 well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.40%) or 1% higher (7.40%) than the current rate.

	<u>1% Decrease (5.40%)</u>	<u>Healthcare Cost Trend Rate (6.40%)</u>	<u>1% Increase (7.40%)</u>
Total OPEB Liability	<u>\$ 2,258,664</u>	<u>\$ 2,603,205</u>	<u>\$ 3,021,106</u>

For the year ended June 30, 2020, the District recognized OPEB expense of \$331,646. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows (Inflows) of Resources</u>
Difference between expected and actual experience	\$ (244,277)
Changes of assumptions	<u>81,256</u>
Total	<u><u>\$ (163,021)</u></u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(8) Other Postemployment Benefits (OPEB) (continued)

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

Year Ended June 30,		
2021	\$	(17,934)
2022		(17,934)
2023		(17,934)
2024		(17,934)
2025		(17,934)
Thereafter		<u>(73,351)</u>
Total	\$	<u>(163,021)</u>

(9) Contingencies and Risk Management

At June 30, 2020, the District is involved in various claims and lawsuits against the District that arise in the normal course of operations, many of which are covered by insurance. The outcome and eventual liability of the District, if any, from these claims and any unasserted claims is not known at this time. The District is also 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.

(10) 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 government promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Cedar Falls	Urban renewal and economic development projects	\$ 184,782

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 \$94,188.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(11) Interfund Transfers

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

Transfer to:		Transfer from:	
General Fund	\$ 6,600	Special Revenue Fund: Management Levy	\$ 6,600
Debt Service Fund	3,476,480	Capital Projects Fund: Stateside Sales, Services and Use Tax	<u>3,476,480</u>
			3,483,080
General Fund	<u>56,795</u>	Proprietary Fund: Enterprise Fund - School Nutrition	<u>56,795</u>
	<u>\$ 3,539,875</u>		<u>\$ 3,539,875</u>

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

(12) 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.

Program	Amount
TLC	\$ 145,804
New teacher mentoring	18,045
Teacher salary supplement	16,701
Professional development	262,642
4-year old preschool	60,083
Talented and gifted program	22,016
Successful progression for early readers	<u>52,710</u>
Total	<u>\$ 578,001</u>

(13) Prior Period Adjustment

The District changed its capitalization policy threshold from \$2,000 to \$5,000 at the beginning of the year to more accurately reflect the cost of items that should be depreciated. On the Statement of Activities, this resulted in an adjustment to beginning net position of (\$450,062) in the governmental activities and (\$42,708) in the business type activities.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(13) Prior Period Adjustment (continued)

The (\$42,708) adjustment is also reflected on the Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds.

(14) Subsequent Events

Management has evaluated subsequent events through December 14, 2020, the date which the financial statements were available for issue.

The District expects the economic uncertainties resulting from the COVID-19 pandemic to negatively impact its operating results. However, the financial impact and duration cannot be reasonably estimated at this time.

Required Supplementary Information

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2020

	Governmental Fund Types Actual	Proprietary Fund Type Actual
Revenues:		
Local sources	\$ 33,516,044	\$ 1,190,458
Intermediate sources	-	-
State sources	39,263,607	15,917
Federal sources	1,678,535	966,863
Total receipts	<u>74,458,186</u>	<u>2,173,238</u>
Expenditures		
Instruction	43,562,633	-
Support services	17,985,341	-
Non-instructional programs	-	2,276,485
Other expenditures	16,256,143	-
Total disbursements	<u>77,804,117</u>	<u>2,276,485</u>
Excess (deficiency) of revenues over (under) expenditures	(3,345,931)	(103,247)
Other financing sources, net	<u>10,124,397</u>	<u>(56,795)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses and special items	6,778,466	(160,042)
Balance beginning of year, as adjusted	<u>16,690,019</u>	<u>439,901</u>
Balance end of year	<u>\$ 23,468,485</u>	<u>\$ 279,859</u>

See accompanying independent auditors' report.

Budget Adjustments	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
		Original	Final	
\$ 2,658	\$ 34,703,844	\$ 35,413,230	\$ 35,413,230	\$ (709,386)
-	-	-	-	-
-	39,279,524	39,139,854	39,139,854	139,670
-	2,645,398	2,993,563	2,993,563	(348,165)
<u>2,658</u>	<u>76,628,766</u>	<u>77,546,647</u>	<u>77,546,647</u>	<u>(917,881)</u>
-	43,562,633	45,932,014	47,088,641	3,526,008
-	17,985,341	18,803,173	19,811,298	1,825,957
-	2,276,485	2,819,233	2,889,661	613,176
-	16,256,143	12,265,870	20,327,546	4,071,403
-	<u>80,080,602</u>	<u>79,820,290</u>	<u>90,117,146</u>	<u>10,036,544</u>
2,658	(3,451,836)	(2,273,643)	(12,570,499)	9,118,663
-	10,067,602	55,000	55,000	10,012,602
2,658	6,615,766	(2,218,643)	(12,515,499)	19,131,265
19,687	17,110,233	10,897,993	10,897,993	6,212,240
<u>\$ 22,345</u>	<u>\$ 23,725,999</u>	<u>\$ 8,679,350</u>	<u>\$ (1,617,506)</u>	<u>\$ 25,343,505</u>

CEDAR FALLS 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 *Government 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 the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$10,296,856.

During the year ended June 30, 2020, expenditures did not exceed the amounts budgeted, and the District did not exceed its General Fund unspent authorized budget.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

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

Required Supplementary Information

	2020	2019	2018	2017
District's proportion of the net pension liability	0.501833%	0.502652%	0.482235%	0.467299%
District's proportionate share of the net pension liability	\$ 29,059	\$ 31,809	\$ 32,123	\$ 29,408
District's covered payroll	\$ 34,223	\$ 34,155	\$ 32,623	\$ 30,330
District's proportionate share of the net pension liability as a percentage of its covered payroll	84.91%	93.13%	98.47%	96.96%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%

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

See accompanying independent auditors' report.

2016	2015
0.464128%	0.456693%
\$ 22,930	\$ 18,112
\$ 28,891	\$ 27,130
79.37%	66.76%
85.19%	87.61%

CEDAR FALLS 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
Statutorily required contribution	\$ 3,743	\$ 3,618	\$ 3,373	\$ 3,217
Contributions in relation to the statutorily required contribution	<u>(3,743)</u>	<u>(3,618)</u>	<u>(3,373)</u>	<u>(3,217)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 35,314	\$ 34,223	\$ 34,155	\$ 32,623
Contributions as a percentage of covered-employee payroll	10.60%	10.57%	9.88%	9.86%

See accompanying independent auditors' report.

2016	2015	2014	2013	2012	2011
\$ 2,995	\$ 2,834	\$ 2,673	\$ 2,445	\$ 2,176	\$ 1,806
<u>(2,995)</u>	<u>(2,834)</u>	<u>(2,673)</u>	<u>(2,445)</u>	<u>(2,176)</u>	<u>(1,806)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 30,330	\$ 28,891	\$ 27,130	\$ 25,639	\$ 24,538	\$ 23,802
9.87%	9.81%	9.85%	9.54%	8.87%	7.59%

CEDAR FALLS 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.

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

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

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

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

CEDAR FALLS 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	\$ 252,621	\$ 244,078	\$ 234,984
Interest cost	96,959	95,622	89,816
Difference between expected and actual experiences	(270,045)	-	-
Changes in assumptions	62,567	80,555	(56,563)
Benefit payments	(113,067)	(145,725)	(108,429)
Rounding	170	(530)	192
	29,205	274,000	160,000
Net change in OPEB liability	29,205	274,000	160,000
Total OPEB liability beginning of year, as restated	2,574,000	2,300,000	2,140,000
Total OPEB liability end of year	\$ 2,603,205	\$ 2,574,000	\$ 2,300,000
Covered-employee payroll	\$35,314,000	\$34,223,000	\$34,155,000
Total OPEB liability as a percentage of covered-employee payroll	7.37%	7.52%	6.73%

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

Changes of benefit terms:

There were no significant changes in benefit terms.

Changes of 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	2.45%
Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Net Position
Component Unit

June 30, 2020

	Component Unit - Cedar Falls Community Schools Foundation
Assets	
Cash, cash equivalents and pooled investments	\$ 2,968,643
Accounts receivable	-
Fixed assets, net of depreciation	-
	<hr/>
Total assets	2,968,643
	<hr/>
Liabilities	8,945
	<hr/>
Net position	
Unrestricted	\$ 2,959,698
	<hr/> <hr/>

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Changes in Net Position
Component Unit

Year ended June 30, 2020

	Component Unit - Cedar Falls Community Schools Foundation
Support and Revenue:	
Contributions	\$ 169,803
Investment earnings	89,586
Other revenue	19,664
Total support and revenue	<u>279,053</u>
Expenses:	
Instructional support	101,085
Operation and maintenance	52,151
Total expenses	<u>153,236</u>
Change in net position	125,817
Net position beginning of year	<u>2,833,881</u>
Net position end of year	<u>\$ 2,959,698</u>

See accompanying independent auditors' report.

Supplementary Information

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

	Special Revenue			
	Manage- ment Levy	Student Activity	Public Purpose Trust Fund	Total Special Revenue
Assets				
Cash, cash equivalents and pooled investments	\$ 894,151	\$ 569,513	\$ 22,345	\$ 1,486,009
Receivables:				
Property tax:				
Delinquent	8,044	-	-	8,044
Succeeding year	497,429	-	-	497,429
Accounts	220	-	-	220
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
	<u>\$ 1,399,844</u>	<u>\$ 569,513</u>	<u>\$ 22,345</u>	<u>\$ 1,991,702</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 6,250	\$ 4,073	\$ -	\$ 10,323
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>6,250</u>	<u>4,073</u>	<u>-</u>	<u>10,323</u>
Deferred Inflows of Resources:				
Unavailable revenues:				
Succeeding year property tax	497,429	-	-	497,429
	<u>497,429</u>	<u>-</u>	<u>-</u>	<u>497,429</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted for:				
Management levy purposes	896,165	-	-	896,165
Student activities	-	565,440	-	565,440
Public purpose trust funds	-	-	22,345	22,345
Total fund balances	<u>896,165</u>	<u>565,440</u>	<u>22,345</u>	<u>1,483,950</u>
	<u>\$ 1,399,844</u>	<u>\$ 569,513</u>	<u>\$ 22,345</u>	<u>\$ 1,991,702</u>

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2020

	Special Revenue			Total Special Revenue Funds
	Manage- ment Levy	Student Activity	Public Purpose Trust Fund	
Revenues:				
Local sources:				
Local tax	\$ 496,544	\$ -	\$ -	\$ 496,544
Other	14,909	991,980	2,658	1,009,547
State sources	13,214	-	-	13,214
Federal sources	-	-	-	-
Total revenues	<u>524,667</u>	<u>991,980</u>	<u>2,658</u>	<u>1,519,305</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	103,457	-	-	103,457
Special instruction	-	-	-	-
Other instruction	-	967,534	-	967,534
Support services:				
Student services	-	-	-	-
Instructional staff services	-	-	-	-
Administration services	16,320	-	-	16,320
Operating and maintenance of plant services	450,987	-	-	450,987
Transportation services	88,826	-	-	88,826
Other expenditures:				
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>659,590</u>	<u>967,534</u>	<u>-</u>	<u>1,627,124</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(134,923)</u>	<u>24,446</u>	<u>2,658</u>	<u>(107,819)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(6,600)	-	-	(6,600)
Total other financing sources (uses)	<u>(6,600)</u>	<u>-</u>	<u>-</u>	<u>(6,600)</u>
Change in fund balances	(141,523)	24,446	2,658	(114,419)
Fund balances beginning of year	<u>1,037,688</u>	<u>540,994</u>	<u>19,687</u>	<u>1,598,369</u>
Fund balances end of year	<u>\$ 896,165</u>	<u>\$ 565,440</u>	<u>\$ 22,345</u>	<u>\$ 1,483,950</u>

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2020

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expen- ditures	Intra- Fund Transfers	Balance End of Year
Investment income	\$ 80,047	\$ 6,725	\$ -	\$ -	\$ 86,772
Miscellaneous	20,079	32,966	34,661	(177)	18,207
Drama arts	12,965	10,209	8,340	-	14,834
Speech	50	1,270	2,151	935	104
Recog.-music/speech	467	-	-	-	467
Yearbook	112,875	45,770	102,934	-	55,711
Music/vocal	457	201,280	201,404	1,000	1,333
Music/orchestra	182	2,291	2,427	-	46
Music/band	3,497	14,358	13,558	1,000	5,297
Athletics	25,444	191,570	126,480	(15,164)	75,370
Athletic resale	1,209	8,643	7,232	-	2,620
Bowling	-	1,195	811	-	384
Track meets	94	5,452	4,162	-	1,384
Tennis	-	-	1,657	1,700	43
Golf	-	2,231	7,456	5,225	-
Cheerleaders	2,853	30,138	31,811	-	1,180
Pom poms	1,080	22,441	25,561	2,300	260
Basketball-boys	780	32,168	34,641	7,191	5,498
Football	66	130,253	139,207	9,600	712
Soccer-boys	84	219	752	500	51
Baseball	3,043	5,578	10,974	2,352	(1)
Track-boys	-	-	7,369	7,400	31
Swimming-boys	24	2,612	1,494	-	1,142
Wrestling	64	11,860	12,647	850	127
Basketball-girls	84	8,453	11,135	2,600	2
Volleyball	2,054	18,369	17,984	-	2,439
Soccer-girls	3,133	108	575	-	2,666
Softball	2,968	2,359	5,146	1,000	1,181
Track-girls	-	-	1,161	1,200	39
Swimming-girls	2,847	6,613	4,035	(1,200)	4,225
Concessions-Robinsen/Dresser	2,801	7,833	9,634	-	1,000
A.P.A.	3,851	7,435	-	-	11,286
Student Forum	-	-	-	-	-
A.V. Dept.	1,065	32	9	-	1,088
P.C.B.C.	2,399	433	-	-	2,832
Campus improvement	8,893	2,150	490	-	10,553
CFHS Memorial Fund	3,171	1,000	-	-	4,171
CHAT	-	-	-	-	-
Food Bank	1,050	6,819	6,869	-	1,000
DECA	1,280	2,495	2,923	-	852
Drug/alcohol prevention	-	-	-	-	-
English resource center	6,845	-	-	-	6,845
FBLA	13	-	-	-	13
Food service	1,321	-	-	-	1,321
General store	1,897	-	-	-	1,897
Activity tickets/Jr. high	207	37,494	135	(31,450)	6,116
Jr/Sr prom	19,602	19	2,598	(175)	16,848
Library	4,210	353	265	-	4,298
FTC	20,679	6,190	7,817	-	19,052
Mc Elroy Fund	40	-	-	-	40
Office education	-	-	-	-	-
M.R.C.	260	-	-	-	260

(continued)

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2020

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expen- ditures	Intra- Fund Transfers	Balance End of Year
Pop	4,158	-	318	152	3,992
AP textbooks	7,471	-	-	-	7,471
Programs	4,132	419	-	-	4,551
Revolving	22,240	14,786	15,528	80	21,578
Science club	286	-	-	-	286
Faculty	65	-	-	-	65
T & I Club	-	-	-	-	-
Tiger Hi-Line	3,535	-	-	-	3,535
Y.F.U.	-	-	-	-	-
Student forum	341	8,782	8,331	-	792
Renaissance	-	-	-	-	-
Class of 2003	-	-	-	-	-
Class of 2004	-	-	-	-	-
Cancer funds	-	-	-	-	-
Class of 2008	5,459	-	-	-	5,459
Special needs	-	-	-	-	-
Tiger bizness	842	2,488	2,298	-	1,032
PTA	-	-	-	-	-
PTA	-	1,408	1,433	25	-
Student council	19,117	30,781	26,470	-	23,428
Pictures	9,842	1,371	1,396	-	9,817
Lego League	19,737	6,066	6,577	-	19,226
Student activities	4,262	4,662	5,072	-	3,852
Special Olympics	-	-	-	-	-
Math club	69	-	229	175	15
Tiger Time	21	26	1,192	(12)	(1,157)
Makerspace	-	-	-	-	-
Magazines	19,668	-	-	12	19,680
Student fundraisers club	-	-	-	-	-
Gym padlocks	2,705	257	779	(32)	2,151
Recycling	351	15	-	32	398
Alpha	2,578	-	-	-	2,578
Robotics	14,225	26,488	24,390	-	16,323
SADD	1,765	-	245	-	1,520
Video yearbook	47	-	-	-	47
Weight room	-	-	-	-	-
Culture Fair	7	-	-	-	7
Trapshooting	8,281	19,383	10,630	-	17,034
Drama clubs	23,557	5,572	7,118	(2,000)	20,011
Tech clubs	45	-	-	-	45
Choral/Dramatic	94	-	-	-	94
Echoes concessions	536	-	83	-	453
Amnesty International	626	-	-	-	626
PATT concessions	2,883	735	83	(295)	3,240
Brick Fundraiser	502	-	-	-	502
Art Club	1,736	7	47	-	1,696
Baseball Booster	-	-	-	-	-
AW	834	-	-	-	834
PLTW	947	-	-	-	947
Rocket Club	2,000	1,350	1,634	-	1,716
E-Sports	-	-	5,176	5,176	-
	<u>\$ 540,994</u>	<u>\$ 991,980</u>	<u>\$ 967,534</u>	<u>\$ -</u>	<u>\$ 565,440</u>

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Projects Accounts

June 30, 2020

	Capital Projects			Total
	GO Bond Proceeds	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Assets				
Cash, cash equivalents and pooled investments	\$ -	\$ 13,005,286	\$ 4,359,490	\$ 17,364,776
Receivables:				
Property tax:				
Delinquent	-	-	59,304	59,304
Succeeding year	-	-	3,693,854	3,693,854
Accounts	-	-	-	-
Accrued interest	-	55,290	-	55,290
Due from other governments	-	457,174	-	457,174
	\$ -	\$ 13,517,750	\$ 8,112,648	\$ 21,630,398
Total assets	\$ -	\$ 13,517,750	\$ 8,112,648	\$ 21,630,398
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 375,485	\$ 354,473	\$ 729,958
Salaries and benefits payable	-	-	-	-
Total liabilities	-	375,485	354,473	729,958
Deferred Inflows of Resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	3,693,854	3,693,854
	-	-	3,693,854	3,693,854
Fund balances:				
Restricted for:				
Debt service	-	-	-	-
School infrastructure	-	13,142,265	-	13,142,265
Physical plant and equipment	-	-	4,064,321	4,064,321
Total fund balances	-	13,142,265	4,064,321	17,206,586
	-	13,142,265	4,064,321	17,206,586
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 13,517,750	\$ 8,112,648	\$ 21,630,398

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Capital Projects Accounts

Year ended June 30, 2020

	Capital Projects			Total
	GO Bond Proceeds	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ -	\$ -	\$ 3,603,343	\$ 3,603,343
Other	384	191,986	80,024	272,394
State sources	-	5,424,200	95,729	5,519,929
Federal sources	-	-	-	-
Total revenues	<u>384</u>	<u>5,616,186</u>	<u>3,779,096</u>	<u>9,395,666</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	-	-	888,631	888,631
Special instruction	-	-	-	-
Other instruction	-	-	-	-
Support services:				
Student services	-	-	-	-
Instructional staff services	-	-	155,133	155,133
Administration services	-	3,001	251,379	254,380
Operating and maintenance of plant services	-	-	238,244	238,244
Transportation services	-	-	124,360	124,360
Other expenditures:				
Facilities acquisition and construction	37,502	5,680,861	2,046,808	7,765,171
Long-term debt:				
Interest and other charges	-	40,093	-	40,093
Total expenditures	<u>37,502</u>	<u>5,723,955</u>	<u>3,704,555</u>	<u>9,466,012</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(37,118)</u>	<u>(107,769)</u>	<u>74,541</u>	<u>(70,346)</u>
Other financing sources (uses):				
Proceeds from sales of real or personal property	-	-	-	-
Proceeds from revenue bond issuance	-	10,000,000	-	10,000,000
Operating transfers in	-	-	-	-
Operating transfers out	-	(3,476,480)	-	(3,476,480)
Total other financing sources (uses)	<u>-</u>	<u>6,523,520</u>	<u>-</u>	<u>6,523,520</u>
Change in fund balances	(37,118)	6,415,751	74,541	6,453,174
Fund balances beginning of year	<u>37,118</u>	<u>6,726,514</u>	<u>3,989,780</u>	<u>10,753,412</u>
Fund balances end of year	<u>\$ -</u>	<u>\$ 13,142,265</u>	<u>\$ 4,064,321</u>	<u>\$ 17,206,586</u>

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year ended June 30, 2020

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash, cash equivalents and pooled investments	\$ 117,690	\$ 3,984,683	\$ 4,039,529	\$ 62,844
Accounts receivable	13,505	56,344	13,505	56,344
Due from others	538,181	538,144	538,181	538,144
	<u>669,376</u>	<u>4,579,171</u>	<u>4,591,215</u>	<u>657,332</u>
Total assets	<u>\$ 669,376</u>	<u>\$ 4,579,171</u>	<u>\$ 4,591,215</u>	<u>\$ 657,332</u>
Liabilities				
Accounts payable	\$ 613,876	\$ 575,058	\$ 613,876	\$ 575,058
Due to other funds	-	26,377	-	26,377
Due to others	55,500	4,027,485	4,027,088	55,897
	<u>669,376</u>	<u>4,628,920</u>	<u>4,640,964</u>	<u>657,332</u>
Total liabilities	<u>\$ 669,376</u>	<u>\$ 4,628,920</u>	<u>\$ 4,640,964</u>	<u>\$ 657,332</u>

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function

All Governmental Funds

For the Last Ten Years

	2020	2019	2018	2017
Revenues:				
Local sources:				
Local tax	\$ 28,847,585	\$ 27,746,837	\$ 27,474,490	\$ 22,485,509
Tuition	2,754,397	2,742,104	2,738,786	2,937,262
Other	1,914,062	2,846,788	2,705,844	1,890,341
State sources	39,263,607	37,807,973	37,300,711	36,600,570
Federal sources	1,678,535	1,908,924	2,123,041	2,282,521
	<u>\$ 74,458,186</u>	<u>\$ 73,052,626</u>	<u>\$ 72,342,872</u>	<u>\$ 66,196,203</u>
Expenditures:				
Instruction:				
Regular instruction	\$ 29,395,269	\$ 29,290,322	\$ 28,125,705	\$ 27,360,072
Special instruction	8,623,222	8,248,751	8,211,561	7,680,596
Other instruction	5,544,142	5,512,184	5,471,743	5,252,702
Support services:				
Student services	1,931,565	1,895,600	1,724,710	1,625,721
Instructional staff services	2,312,262	2,260,104	1,908,763	1,966,626
Administration services	6,373,680	6,190,142	6,001,549	6,146,806
Operation and maintenance of plant services	5,447,948	5,441,321	5,293,802	4,885,892
Transportation services	1,919,886	2,321,997	2,165,870	2,164,304
Other expenditures:				
Facilities acquisition and construction	7,765,171	14,939,589	25,747,879	8,768,472
Long-term debt:				
Principal	4,390,000	3,645,000	3,920,000	2,080,000
Interest and other charges	1,576,446	1,490,825	1,817,435	3,029,453
AEA flowthrough	2,524,526	2,426,393	2,407,144	2,280,604
	<u>\$ 77,804,117</u>	<u>\$ 83,662,228</u>	<u>\$ 92,796,161</u>	<u>\$ 73,241,248</u>

See accompanying independent auditors' report.

Modified Accrual Basis

2016	2015	2014	2013	2012	2011
\$ 21,081,789	\$ 21,261,265	\$ 26,947,506	\$ 25,250,148	\$ 23,292,769	\$ 22,492,144
2,760,127	4,490,514	6,327,680	6,215,310	2,517,523	2,308,568
1,807,832	1,803,536	1,747,736	1,745,114	1,574,806	1,621,478
33,120,500	32,008,518	25,394,763	24,493,545	24,626,293	21,450,797
2,153,972	2,081,670	2,656,205	1,928,685	2,432,186	2,301,223
<u>\$ 60,924,220</u>	<u>\$ 61,645,503</u>	<u>\$ 63,073,890</u>	<u>\$ 59,632,802</u>	<u>\$ 54,443,577</u>	<u>\$ 50,174,210</u>
\$ 25,390,983	\$ 24,272,128	\$ 24,038,032	\$ 21,896,495	\$ 21,562,482	\$ 19,480,531
7,113,626	7,107,009	6,691,764	6,490,150	6,825,387	6,558,307
5,153,356	6,630,397	7,247,235	8,059,569	4,235,767	4,127,564
1,578,255	1,523,678	1,691,188	1,264,113	1,117,153	1,215,980
1,814,357	1,709,134	1,547,129	1,358,477	1,391,869	1,353,387
6,063,674	5,722,790	5,585,773	5,003,083	4,823,745	4,495,179
4,582,929	4,453,088	4,520,518	3,982,925	3,800,984	3,552,168
1,912,068	1,843,511	1,703,982	1,599,625	1,428,608	1,109,410
1,987,716	4,079,170	10,081,475	10,268,105	8,284,764	8,215,722
1,775,000	2,220,000	2,235,000	860,000	845,000	10,000,000
1,005,441	1,059,159	1,100,464	910,141	990,232	358,845
2,192,843	2,132,291	2,052,254	1,929,402	1,925,667	1,952,999
<u>\$ 60,570,248</u>	<u>\$ 62,752,355</u>	<u>\$ 68,494,814</u>	<u>\$ 63,622,085</u>	<u>\$ 57,231,658</u>	<u>\$ 62,420,092</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Grantor/Program	CFDA Number	Grant Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Food Distribution (non-cash)	10.550	FY20	<u>129,658</u>
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY20	87,451
National School Lunch Program	10.555	FY20	501,646
CARES Grants to States (COVID-19 SFSP)	10.555	FY20	<u>248,108</u>
			<u>837,205</u>
Total U.S. Department of Agriculture			<u>966,863</u>
U.S. Department of Labor:			
University of Northern Iowa:			
Apprenticeship USA Grants (UNI Stem Best)	17.285	FY20	<u>10,000</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Education Agencies	84.010	FY20	<u>449,987</u>
Vocational Education - Basic Grants to States	84.048A	FY20	<u>39,108</u>
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	FY20	<u>47,408</u>
English Language Acquisition Grants	84.365	FY20	<u>257</u>
Improving Teacher Quality State Grants	84.367	FY20	<u>98,513</u>
Title IV Student Support and Academic Enrichment	84.424	FY20	<u>26,980</u>
Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund) (ESSER Fund)	84.425	FY20	<u>7,633</u>
Area Education Agency 267:			
Special Education - Grants to States (IDEA)	84.027	FY20	<u>238,702</u>
Total U.S. Department of Education			<u>908,588</u>
U.S. Department of Health & Human Services:			
Iowa Department of Education:			
Foster Care Title IV-E (Transportation reimbursement)	93.658	FY20	6,515
Tri-County Child & Family Development Council, Inc.:			
Head Start	93.600	FY20	<u>159,804</u>
Total U.S. Department of Health & Human Services			<u>166,319</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,051,770</u></u>

(continued)

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Cedar Falls 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 Cedar Falls Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Cedar Falls Community School District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

Cedar Falls Community School District has elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Internal Controls and Compliance

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

To the Board of Education
Cedar Falls Community School District

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Cedar Falls 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 December 14, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cedar Falls 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 that are required to be reported under *Government Auditing Standards*. However, we noted 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.

Cedar Falls Community School District's Responses to Findings

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

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

Carmy, Alexander, Marold + Co., L.L.P.

Waterloo, Iowa
December 14, 2020

Independent Auditors' Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Board of Education
Cedar Falls Community School District

Report on Compliance for Each Major Federal Program

We have audited Cedar Falls 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 Cedar Falls Community School District's major federal programs for the year ended June 30, 2020. Cedar Falls Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Cedar Falls 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 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 Cedar Falls 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 Cedar Falls Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Cedar Falls 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 Cedar Falls 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 Cedar Falls 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 Cedar Falls 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 a 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above.

Purpose of this Report

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.

Carmy, Alexander, Marold & Co, L.L.P.

Waterloo, Iowa
December 14, 2020

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part I: Summary of the Independent Auditors' Results

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) The audit did not disclose any significant deficiencies in internal control over financial reporting.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) The audit did not disclose any significant deficiencies in internal control over major programs.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any findings which were required to be reported in accordance with the Uniform Guidance, Section 200.515.
- (g) Major programs were as follows:
 - Child Nutrition Cluster
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Cedar Falls Community School District did qualify as a low-risk auditee.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

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 amended 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.
- 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 insure that the coverage is adequate for current operations.
- IV-G-20 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-H-20 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-I-20 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-J-20 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-K-20 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-L-20 Categorical Funding - No instances of categorical funding used to supplant rather than supplement other funds were noted.
- IV-M-20 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services 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.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part IV: Other Findings Related to Required Statutory Reporting (continued):

IV-M-20 Statewide Sales and Services Tax (continued)

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			\$ 6,726,514
Revenues/transfers in:			
Sales tax revenues	\$ 5,424,200		
Other local revenues	191,986		
Revenue bond issuance	10,000,000		
Other	-		15,616,186
			22,342,700
Expenditures/transfers out			
School infrastructure construction	5,680,861		
Other	43,094		
Transfers to other funds:			
Debt service fund	3,476,480		9,200,435
Ending balance			\$ 13,142,265

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.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Audit Staff

This audit was performed by:

Monica M. Haag, CPA, Partner

Janel Ruzicka, CPA, Partner

Austin Lauck, CPA

Ethan Philo, CPA