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CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2019

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**CARNEY,  
ALEXANDER,  
MAROLD & CO., L.L.P.**  
Certified Public Accountants

# CEDAR FALLS COMMUNITY SCHOOL DISTRICT

## Table of Contents

	Page
Officials	1
Independent Auditors' Report	2 - 4
Management's Discussion and Analysis (MD&A)	5 - 16
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Governmental Fund Financial Statements:	
Balance Sheet	19
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	22
Proprietary Funds Financial Statements:	
Statement of Net Position	23
Statement of Revenues, Expenses and Changes in Fund Net Position	24
Statement of Cash Flows	25
Fiduciary Funds Financial Statements:	
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position	27
Notes to Financial Statements	28 - 48
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund	49
Notes to Required Supplementary Information - Budgetary Reporting	50
Schedule of the District's Proportionate Share of the Net Pension Liability	51

# CEDAR FALLS COMMUNITY SCHOOL DISTRICT

## Table of Contents

	Page
Required Supplementary Information (continued):	
Schedule of District Contributions	52
Notes to Required Supplementary Information - Pension Liability	53
Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes	54
Component Unit Financial Statements:	
Statement of Net Position	55
Statement of Changes in Net Position	56
Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	57
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	58
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	59 - 60
Capital Project Accounts:	
Combining Balance Sheet	61
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	62
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds	63
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	64
Schedule of Expenditures of Federal Awards	65 - 66
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 <i>Government Auditing Standards</i>	67 - 68
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	69 - 70
Schedule of Findings and Questioned Costs	71 - 75
Audit Staff	76

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Joyce E. Coil	President	2019
Jeff Hassman	Vice President	2019
Susie Hines	Board Member	2019
Jenny Leeper	Board Member	2019
Eric Giddens - resigned April, 2019	Board Member	2021
Susan Lantz - appointed April, 2019 until election	Board Member	2021
Allan Heisterkamp - elected July, 2019	Board Member	2021
Jeff Orvis	Board Member	2021
Sasha Wohlpart	Board Member	2021
<b>School Officials</b>		
Dr. Andrew Pattee	Superintendent	Indefinite
Doug Nefzger - retired December, 2018	District Secretary	Indefinite
Denelle Gonnerman - approved January, 2019	District Secretary	Indefinite
Dan Lynch	District Treasurer	2019
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, 2019, 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, 2019, 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, 2018 (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, 2019 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.

*Carney, Alexander, Marold & Co., L.L.P.*

Waterloo, Iowa  
December 12, 2019



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

**Management's Discussion and Analysis  
For the Fiscal Year Ending June 30, 2019**

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, 2019.

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 2019 fiscal year include the following:

- In total, net position increased by \$3,990,939 or 7.52% from fiscal 2018. Governmental activities net position increased \$4,040,289 or 7.68% from fiscal year 2018, 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 \$49,350 or 9.27% from fiscal year 2018. A decrease in operational revenue in the nutrition fund accounted for the change.
- General Fund revenues (which include the Instructional Support fund) accounted for \$59,017,327 in revenue or 80.79% of all revenues. General Fund expenses, which include the Instructional Support fund, accounted for \$60,034,903 in expenditures or 71.76% 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 2019 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 take into account 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 2019 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

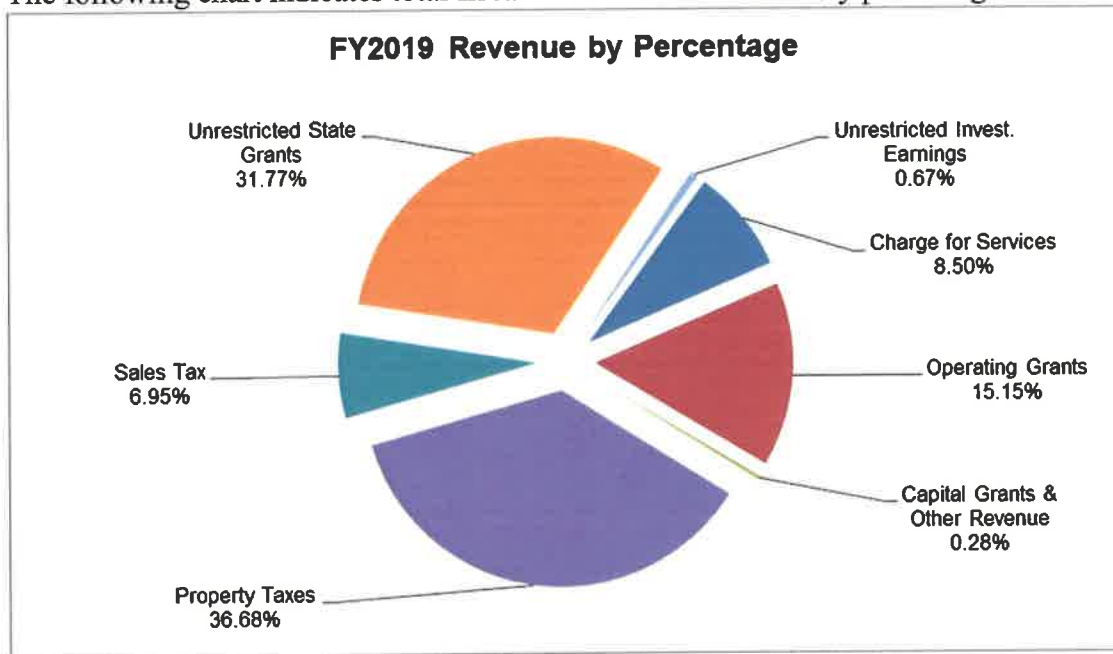
The following is a summary of the District's net position as a whole. The Cedar Falls Community School District's total net position increased from the fiscal 2018 total of \$53,095,490 to a total of \$57,086,429 in fiscal 2019 or a 7.52% increase from the previous fiscal year.

<b>Condensed Statement of Net Position</b>							
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>		<b>Percent Change</b>
	<b>Activities</b>		<b>Activities</b>				
	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	
Current & Other Assets	\$ 64,368,020	53,612,215	\$ 963,184	941,399	\$ 65,331,204	54,553,614	-16.50%
Capital Assets	99,849,369	112,115,529	119,464	117,933	99,968,833	112,233,462	12.27%
<b>Total Assets</b>	<b>164,217,389</b>	<b>165,727,744</b>	<b>1,082,648</b>	<b>1,059,332</b>	<b>165,300,037</b>	<b>166,787,076</b>	<b>0.90%</b>
Deferred Outflows of Resources							
Pension/OPEB Related Def Outflow	10,483,087	9,810,943	213,941	199,682	10,697,028	10,010,625	-6.42%
Long-term Obligations:							
Due Within One Year	3,898,749	3,696,323	-	-	3,898,749	3,696,323	-5.19%
Due After One Year	80,168,251	76,642,964	642,459	636,181	80,810,710	77,279,145	-4.37%
Other Liabilities	9,647,493	7,946,545	109,894	108,365	9,757,387	8,054,910	-17.45%
<b>Total Liabilities</b>	<b>93,714,493</b>	<b>88,285,832</b>	<b>752,353</b>	<b>744,546</b>	<b>94,466,846</b>	<b>89,030,378</b>	<b>-5.75%</b>
Deferred Inflows of Resources							
Unavailable Property Tax Revenue	27,673,715	29,087,947	-	-	27,673,715	29,087,947	5.11%
Pension Related Deferred Inflow	601,557	1,561,088	12,277	31,859	613,834	1,592,947	159.51%
Advanced Refunding Deferred Inflow	147,180	-	-	-	147,180	0	-100.00%
<b>Total Deferred Inflows of Resources</b>	<b>28,422,452</b>	<b>30,649,035</b>	<b>12,277</b>	<b>31,859</b>	<b>28,434,729</b>	<b>30,680,894</b>	<b>7.90%</b>
Net Assets							
Invested in Capital Assets -							
Net of Related Debt	49,764,934	65,727,769	119,464	117,933	49,884,398	65,845,702	32.00%
Restricted	6,106,728	5,934,260	-	-	6,106,728	5,934,260	-2.82%
Unrestricted	-3,308,131	-15,058,209	412,495	364,676	-2,895,636	-14,693,533	-407.44%
<b>Total Net Assets</b>	<b>\$ 52,563,531</b>	<b>56,603,820</b>	<b>\$ 531,959</b>	<b>482,609</b>	<b>\$ 53,095,490</b>	<b>57,086,429</b>	<b>7.52%</b>

The following analysis identifies the change in net position for the year ending June 30, 2019:

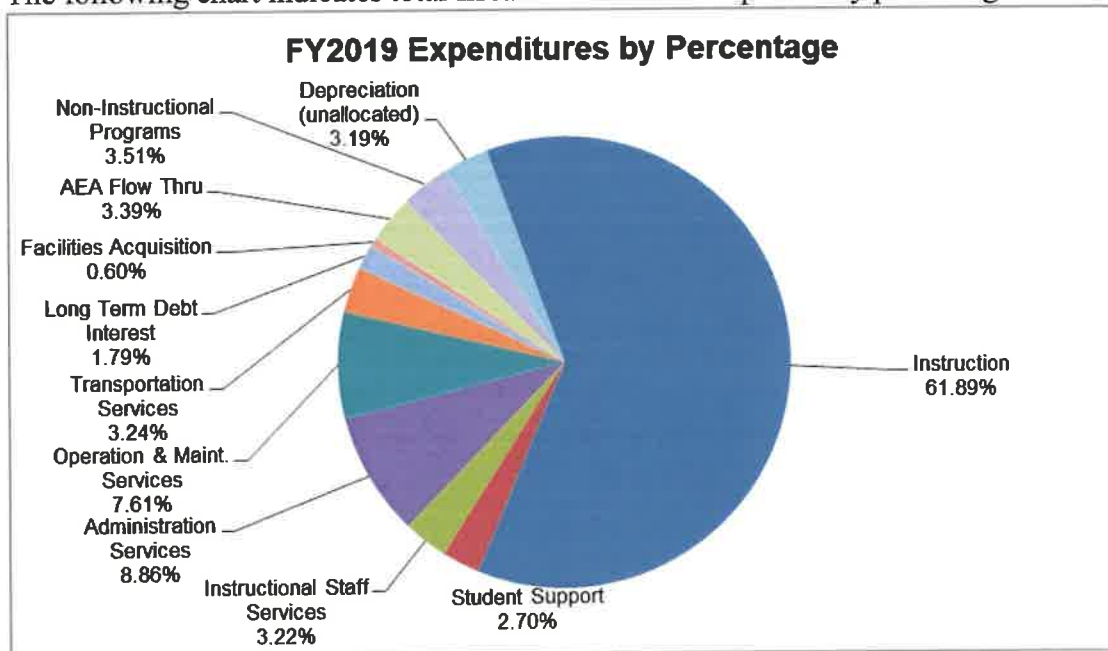
	Change in Net Position							Percent Change
	Governmental		Business-type		Total			
	Activities		Activities					
	2018	2019	2018	2019	2018	2019		
<b>Revenue</b>								
Program Revenue								
Charge for Services	\$ 4,671,623	4,941,769	\$ 1,539,492	1,490,162	\$ 6,211,115	6,431,931		3.56%
Operating Grants	10,551,808	10,481,177	916,449	980,244	11,468,257	11,461,421		-0.06%
Capital Grants	103,406	95,002	-	-	103,406	95,002		-8.13%
General Revenue								
Property Taxes	27,474,490	27,746,837	-	-	27,474,490	27,746,837		0.99%
Sales and Income Tax	4,791,570	5,259,465	-	-	4,791,570	5,259,465		9.76%
Unrestricted State Grants	23,932,406	24,035,959	-	-	23,932,406	24,035,959		0.43%
Unrestricted Invest. Earnings	513,695	492,417	8,331	17,495	522,026	509,912		-2.32%
Other Revenue	457,967	113,921	-	-	457,967	113,921		-75.12%
Transfers	42,264	18,979	(42,264)	(18,979)	-	-		0.00%
<b>Total Revenue</b>	<b>72,539,229</b>	<b>73,185,526</b>	<b>2,422,008</b>	<b>2,468,922</b>	<b>74,961,237</b>	<b>75,654,448</b>		<b>0.92%</b>
<b>Program Expense</b>								
Instruction	43,193,068	44,350,716	-	-	43,193,068	44,350,716		2.68%
Student Support	1,764,409	1,933,695	-	-	1,764,409	1,933,695		9.59%
Instructional Staff Services	1,948,261	2,304,079	-	-	1,948,261	2,304,079		18.26%
Administration Services	6,150,457	6,348,339	-	-	6,150,457	6,348,339		3.22%
Operation & Maint. Services	5,507,439	5,456,386	-	-	5,507,439	5,456,386		-0.93%
Transportation Services	2,086,584	2,324,690	-	-	2,086,584	2,324,690		11.41%
Long Term Debt Interest	1,346,894	1,284,357	-	-	1,346,894	1,284,357		-4.64%
Facilities Acquisition	2,603,634	432,579	-	-	2,603,634	432,579		-83.39%
AEA Flow Thru	2,407,144	2,426,393	-	-	2,407,144	2,426,393		0.80%
Non-Instructional Programs	-	-	2,381,136	2,518,272	2,381,136	2,518,272		5.76%
Depreciation (unallocated)	2,252,477	2,284,003	-	-	2,252,477	2,284,003		1.40%
<b>Total Expenses</b>	<b>69,260,367</b>	<b>69,145,237</b>	<b>2,381,136</b>	<b>2,518,272</b>	<b>71,641,503</b>	<b>71,663,509</b>		<b>0.03%</b>
<b>Increase (Decrease) Net Position</b>	<b>3,278,862</b>	<b>4,040,289</b>	<b>40,872</b>	<b>(49,350)</b>	<b>3,319,734</b>	<b>3,990,939</b>		<b>20.22%</b>
<b>Net Position Beginning of Year</b>	<b>49,284,669</b>	<b>52,563,531</b>	<b>491,087</b>	<b>531,959</b>	<b>49,775,756</b>	<b>53,095,490</b>		<b>6.67%</b>
<b>Net Position End of Year</b>	<b>\$ 52,563,531</b>	<b>56,603,820</b>	<b>531,959</b>	<b>482,609</b>	<b>53,095,490</b>	<b>57,086,429</b>		<b>7.52%</b>

The following chart indicates total fiscal 2019 District revenue by percentage:



Note: Due to rounding percentages may not total 100.00 %

The following chart indicates total fiscal 2019 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 \$16,690,019. This is a \$10,476,702 decrease from the 2018 fiscal year combined fund balances of \$27,166,721. Construction project payments for the new Bess Streeter Aldrich Elementary School as well as additions and remodeling to North Cedar and Orchard Hill Elementary Schools accounted for the majority of the decrease.

The District's General Fund (including the Instructional Support Fund) end of year fund balance decreased \$954,850 to \$4,315,185 from the 2018 fiscal year end balance of \$5,270,035. A large increase in student enrollment, coupled with a one-year delay in receiving funding for the increase accounts for the majority of the decrease.

### 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 15<sup>th</sup> 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 2019 in instructional activities due to increasing student enrollment and the need to employ additional teaching staff. In addition, instructional activities, support services, non-instructional programs and other expenditures were also amended due to opening the Bess Streeter Aldrich Elementary School as well as additions and remodeling of North Cedar and Orchard Hill Elementary Schools. The following chart identifies the original and amended budget for fiscal 2019 as well as the actual revenue and expenditures for the year:

<b>Budgetary Comparison Schedule</b>				
	<b>Original Budget</b>	<b>Final Amended</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenue</b>				
Local Sources	\$ 34,992,448	\$ 34,992,448	\$ 34,840,723	\$ (151,725)
Intermediate Sources	-	-	-	-
State Sources	37,637,905	37,637,905	37,822,855	184,950
Federal Sources	2,839,209	2,839,209	2,874,286	35,077
<b>Total Budget Revenue</b>	<b>\$ 75,469,562</b>	<b>\$ 75,469,562</b>	<b>\$ 75,537,864</b>	<b>\$ 68,302</b>
<b>Expenditures</b>				
Instruction	\$ 44,433,887	\$ 45,104,706	\$ 43,051,257	\$ 2,053,449
Support Services	17,872,961	18,906,284	18,109,164	797,120
Non-Instructional	2,747,660	2,833,809	2,518,272	315,537
Other Expenditures	20,255,841	25,386,366	22,501,807	2,884,559
<b>Total Budget Expenses</b>	<b>\$ 85,310,349</b>	<b>\$ 92,231,165</b>	<b>\$ 86,180,500</b>	<b>\$ 6,050,665</b>

**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 2018 and 2019.

	<b>Unspent Budget Authority Comparison</b>		
	<b>2018</b>	<b>2019</b>	<b>Change</b>
<b>Budget Revenue</b>			
Maximum General Fund District Cost	\$ 48,616,642	\$ 50,713,065	\$ 2,096,423
Preschool Foundation Aid	476,476	468,152	(8,324)
Instructional Support Fund	2,660,565	2,809,889	149,324
Other Miscellaneous Income	5,942,894	5,847,731	(95,163)
Previous Year Unspent Budget Authority	8,533,648	7,695,672	(837,976)
<b>Maximum Budget Authority</b>	<b>\$ 66,230,225</b>	<b>\$ 67,534,509</b>	<b>\$ 1,304,284</b>
<b>Total Expenditures</b>	<b>\$ 58,534,553</b>	<b>\$ 60,165,365</b>	<b>\$ 1,630,812</b>
<b>End Fiscal Year Unspent Budget Authority</b>	<b>\$ 7,695,672</b>	<b>\$ 7,369,144</b>	<b>\$ (326,528)</b>

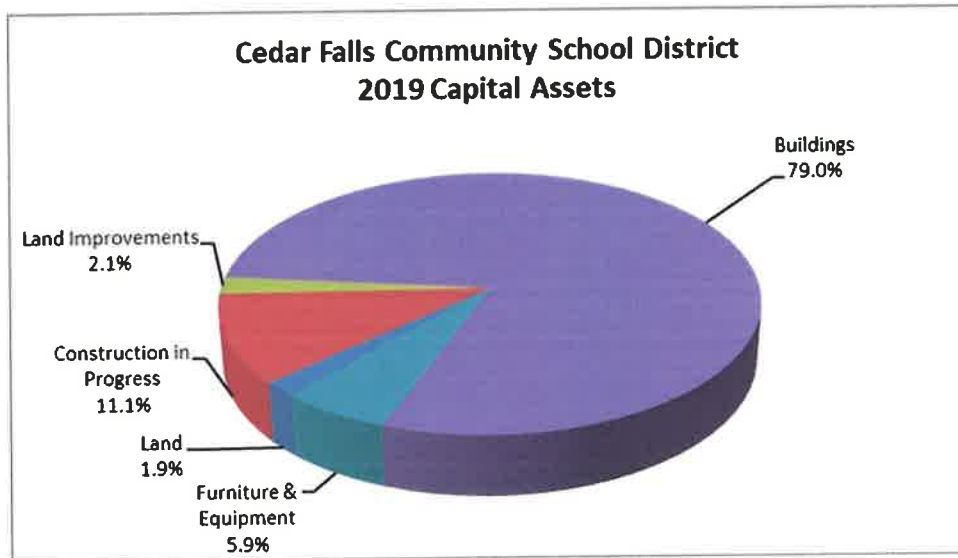


## Capital Assets Administration

### Capital Assets

At the end of the 2019 fiscal year, the District had invested \$112,115,529 (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 \$2,843,224 and total accumulated depreciation of \$42,258,971 as of June 30, 2019. The following chart shows the comparison in capital assets for 2018 and 2019.

	Capital Assets (net of depreciation)							
	Governmental Activities		Business-type Activities		Total		Percent Change	
	2018	2019	2018	2019	2018	2019		
Land	\$ 2,965,334	2,965,334	\$ -	-	\$ 2,965,334	2,965,334	0.00%	
Construction in Progress	26,021,807	17,135,098	-	-	26,021,807	17,135,098	-34.15%	
Land Improvements	3,169,966	3,169,966	-	-	3,169,966	3,169,966	0.00%	
Buildings	98,922,324	122,120,404	-	-	98,922,324	122,120,404	23.45%	
Furniture & Equipment	7,910,693	8,326,001	809,531	775,630	8,720,224	9,101,631	4.37%	
<b>Total</b>	<b>\$ 138,990,124</b>	<b>153,716,803</b>	<b>\$ 809,531</b>	<b>775,630</b>	<b>\$ 139,799,655</b>	<b>154,492,433</b>	<b>10.51%</b>	



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

## Debt Administration

As of June 30, 2019, total District outstanding long-term debt is \$80,975,468. Debt consists of \$30,412,540 in general obligation bonds, \$15,975,220 in revenue bonds, \$2,778,648 in compensated absences and OPEB liabilities and \$31,172,879 in long-term pension liabilities in governmental activities. Business type activities debt consisted of \$636,181 in long-term pension liabilities. The following shows the debt comparison between fiscal years 2018 and 2019.

	<u>Long-term Debt Obligations</u>				
	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
<b><u>Governmental Activities</u></b>					
<b>General Obligation Bonds</b>					
Bonds Payable	30,955,000	-	1,335,000	29,620,000	1,400,000
Premium	839,160	-	46,620	792,540	46,620
<b>Total General Obligation Bonds</b>	<b>\$ 31,794,160</b>	<b>\$ -</b>	<b>\$ 1,381,620</b>	<b>\$ 30,412,540</b>	<b>\$ 1,446,620</b>
<b>Revenue Bonds</b>					
Bonds Payable	17,955,000	-	2,000,000	15,955,000	2,040,000
Premium	25,275	-	5,055	20,220	5,055
<b>Total Revenue Bonds</b>	<b>\$ 17,980,275</b>	<b>\$ -</b>	<b>\$ 2,005,055</b>	<b>\$ 15,975,220</b>	<b>\$ 2,045,055</b>
<b>Other Liabilities</b>					
Note Payable	310,000	-	310,000	-	-
Compensated Absences	202,074	204,648	202,074	204,648	204,648
Net OPEB Liability	2,300,000	274,000	-	2,574,000	-
Net Pension Liability	31,480,491	-	307,612	31,172,879	-
<b>Total Other Liabilities</b>	<b>\$ 34,292,565</b>	<b>\$ 478,648</b>	<b>\$ 819,686</b>	<b>\$ 33,951,527</b>	<b>\$ 204,648</b>
<b>Total Governmental Activities</b>	<b>\$ 84,067,000</b>	<b>\$ 478,648</b>	<b>\$ 4,206,361</b>	<b>\$ 80,339,287</b>	<b>\$ 3,696,323</b>
<b><u>Business Type Activities</u></b>					
Net Pension Liability	642,659	-	6,478	636,181	-
<b>Total District Long-Term Debt</b>	<b>\$ 84,709,659</b>	<b>\$ 478,648</b>	<b>\$ 4,212,839</b>	<b>\$ 80,975,468</b>	<b>\$ 3,696,323</b>

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.

<b>School Infrastructure Sales, Service &amp; Use Tax Debt Service</b>						
	Statewide Allocation	Statewide Enrollment	Avg. Dollars per Pupil	Cedar Falls Enrollment	Cedar Falls Funds Pledged	Debt Service Coverage Ratio
FY2016	\$453,349,009	480,771.9	\$943	4,907.4	\$2,779,441	1.665
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 (est)	\$483,939,957	486,264.3	\$995	5,127.5	\$2,400,825	2.125
FY2020 (est)	\$516,578,987	487,651.5	\$1,059	5,237.6	\$3,454,750	1.606

Enrollment is determined on Oct. 1<sup>st</sup> of the previous fiscal year. i.e. FY2019 enrollment is taken on Oct. 1, 2017. Total statewide allocation includes reconciliation payment. Final FY19 & 20 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 2.06% (\$139) for the 2019/20 school year.
- Other 2019 legislative session actions that will directly impact Iowa public school districts include:
  - Appropriated \$19.0 million in transportation aid and made this a permanent annual appropriation. Based on the level of funding providing, the two-step provision provides funding to the districts with the highest per pupil transportation costs. Cedar Falls does not qualify for additional funding.
  - Increased state cost per pupil by \$5 to reduce the gap between the minimum and maximum regular program district cost per pupil (RPDC). The fiscal 2019 gap between minimum and maximum RPDC is now \$165.
  - Extended the Secure and Advanced Vision for Education (SAVE) law through calendar year 2050. SAVE allows school districts to borrow against statewide penny sales tax revenue to help fund school infrastructure projects. Under the extension all school districts are required to receive voter approval to utilize available dollars.
  - Established new statewide requirements regarding lap and shoulder seat belts in new school bus purchases.
  - Delayed all high school students in public and accredited non-public schools take a one-half unit course in personal finance literacy to the 2020-21 graduating class, instead of the 2018-19 graduating class.
  - Revised concurrent enrollment weightings to provide additional weighting and allow schools to use concurrent enrollment to meet math and science needs.
- The October 1, 2019 certified student enrollment count, which is used to determine state foundation aid for the District for 2020/21 school year, increased by 133.8 students from the October 1, 2018 count. The number of open enrollment students from neighboring district’s attending Cedar Falls Schools decreased 17.0 from 312.0 to 295.0. The number of open enrollment students attending neighboring school districts decreased 4.9 from 98.9 to 94.0. The 201.0 open enrollment student net gain provides approximately \$1.38 million in revenue for the District general operating fund.
- The District’s 4-year-old (pre-school) program enrollment increased by 26 students to a total enrollment of 165. The State of Iowa provides funding for four-year-old students enrolled in the program at 50% of regular program cost per student, or \$3,440 per student for the 2019/20 school year.
- 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 \$4,791,570 in FY2018 to \$5,259,465 in FY2019. 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 student enrolled in Iowa public schools. District is projected to receive \$5,270,944 in FY2020.
- The District opened the new Bess Streeter Aldrich Elementary in August, 2018. The 89,424 square foot school is located in the southwest portion of the District. 388 students were enrolled as of October 1, 2019.
- The community passed a \$69.9 million dollar general obligation bond on June 25, 2019 to fund a new high school located on West 27<sup>th</sup> St. west of the University of Northern Iowa Dome.
- The Board of Education approved the purchase of additional 19.5 acres on West 27<sup>th</sup> St to be used for the new high school.
- Additions and remodeling to North Cedar Elementary School were finalized. A new 7,689 square foot addition as well as remodeling of pre-kindergarten, kindergarten and special education classrooms opened in August/September 2018. The northern half of the school was demolished and was replaced with a 20,191 square foot addition. In addition, remodeling of existing first and second grade classrooms along with the media center was included in the project.
- Additions and remodeling to Orchard Hill Elementary School were finalized. The new 39,011 square foot addition opened March 2019 with remodeling of portions of the existing school opening August 2018.
- 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 the new high school, decentralization of kitchen operations and North Cedar playground site improvement.

### **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, 2019

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 23,026,294	\$ 859,553	\$ 23,885,847	\$ 2,835,647
Receivables:				
Property tax:				
Delinquent	118,197	-	118,197	-
Succeeding year	29,087,947	-	29,087,947	-
Accounts	607,889	265	608,154	-
Accrued interest	5,541	-	5,541	-
Due from other governments	757,191	-	757,191	-
Due from other funds	-	-	-	-
Inventories	9,156	81,581	90,737	-
Capital assets, net of accumulated depreciation	112,115,529	117,933	112,233,462	-
Total assets	<u>165,727,744</u>	<u>1,059,332</u>	<u>166,787,076</u>	<u>2,835,647</u>
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	9,784,420	199,682	9,984,102	-
OPEB related deferred outflows	26,523	-	26,523	-
Total deferred outflows of resources	<u>9,810,943</u>	<u>199,682</u>	<u>10,010,625</u>	<u>-</u>
<b>Liabilities</b>				
Accounts payable	1,681,199	72,634	1,753,833	1,766
Salaries and benefits payable	6,028,438	35,731	6,064,169	-
Due to other governments	124,612	-	124,612	-
Due to other funds	-	-	-	-
Accrued interest payable	112,296	-	112,296	-
Long-term liabilities:				
Portion due within one year:				
Compensated absences	204,648	-	204,648	-
General obligation bonds	1,446,620	-	1,446,620	-
Revenue bonds	2,045,055	-	2,045,055	-
Note payable	-	-	-	-
Portion due after one year:				
General obligation bonds	28,965,920	-	28,965,920	-
Revenue bonds	13,930,165	-	13,930,165	-
Net pension liability	31,172,879	636,181	31,809,060	-
Net OPEB liability	2,574,000	-	2,574,000	-
Total liabilities	<u>88,285,832</u>	<u>744,546</u>	<u>89,030,378</u>	<u>1,766</u>
<b>Deferred Inflows of Resources</b>				
Unavailable property tax revenue	29,087,947	-	29,087,947	-
Pension related deferred inflows	1,561,088	31,859	1,592,947	-
Total deferred inflows of resources	<u>30,649,035</u>	<u>31,859</u>	<u>30,680,894</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	65,727,769	117,933	65,845,702	-
Restricted for:				
Categorical funding	346,111	-	346,111	-
Management levy	1,037,688	-	1,037,688	-
Student activities	540,994	-	540,994	-
Other special revenue purposes	19,687	-	19,687	-
Physical plant and equipment levy	3,989,780	-	3,989,780	-
Unrestricted	<u>(15,058,209)</u>	<u>364,676</u>	<u>(14,693,533)</u>	<u>2,833,881</u>
Total net position	<u>\$ 56,603,820</u>	<u>\$ 482,609</u>	<u>\$ 57,086,429</u>	<u>\$ 2,833,881</u>

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
Instruction:				
Regular instruction	\$ 30,277,753	\$ 2,118,385	\$ 6,975,457	\$ -
Special instruction	8,445,114	890,883	387,442	-
Other instruction	5,627,849	920,556	626,113	-
	<u>44,350,716</u>	<u>3,929,824</u>	<u>7,989,012</u>	<u>-</u>
Support services:				
Student services	1,933,695	-	-	-
Instructional staff services	2,304,079	-	-	-
Administration services	6,348,339	12,166	-	-
Operation and maintenance of plant services	5,456,386	979,741	-	95,002
Transportation services	2,324,690	20,038	65,772	-
	<u>18,367,189</u>	<u>1,011,945</u>	<u>65,772</u>	<u>95,002</u>
Other expenditures:				
Facilities acquisition	432,579	-	-	-
Long-term debt interest and other charges	1,284,357	-	-	-
AEA flowthrough	2,426,393	-	2,426,393	-
Depreciation (unallocated)	2,284,003	-	-	-
	<u>6,427,332</u>	<u>-</u>	<u>2,426,393</u>	<u>-</u>
Total governmental activities	<u>69,145,237</u>	<u>4,941,769</u>	<u>10,481,177</u>	<u>95,002</u>
<b>Business Type Activities:</b>				
Non-instructional programs:				
Food service operations	2,518,272	1,490,162	980,244	-
Total	<u>\$ 71,663,509</u>	<u>\$ 6,431,931</u>	<u>\$ 11,461,421</u>	<u>\$ 95,002</u>
<b>Component Unit:</b>				
Cedar Falls Community Schools Foundation	<u>\$ 107,781</u>	<u>\$ -</u>	<u>\$ 100,473</u>	<u>\$ -</u>
<b>General Revenues:</b>				
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				
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	
\$(21,183,911)	\$ -	\$(21,183,911)	\$ -
(7,166,789)	-	(7,166,789)	-
(4,081,180)	-	(4,081,180)	-
<u>(32,431,880)</u>	<u>-</u>	<u>(32,431,880)</u>	<u>-</u>
(1,933,695)	-	(1,933,695)	-
(2,304,079)	-	(2,304,079)	-
(6,336,173)	-	(6,336,173)	-
(4,381,643)	-	(4,381,643)	-
(2,238,880)	-	(2,238,880)	-
<u>(17,194,470)</u>	<u>-</u>	<u>(17,194,470)</u>	<u>-</u>
(432,579)	-	(432,579)	-
(1,284,357)	-	(1,284,357)	-
-	-	-	-
<u>(2,284,003)</u>	<u>-</u>	<u>(2,284,003)</u>	<u>-</u>
<u>(4,000,939)</u>	<u>-</u>	<u>(4,000,939)</u>	<u>-</u>
<u>(53,627,289)</u>	<u>-</u>	<u>(53,627,289)</u>	<u>-</u>
-	(47,866)	(47,866)	-
<u>(53,627,289)</u>	<u>(47,866)</u>	<u>(53,675,155)</u>	<u>-</u>
			<u>(7,308)</u>
27,746,837	-	27,746,837	-
5,259,465	-	5,259,465	-
24,035,959	-	24,035,959	-
492,417	17,495	509,912	124,980
113,921	-	113,921	66,218
18,979	(18,979)	-	-
<u>57,667,578</u>	<u>(1,484)</u>	<u>57,666,094</u>	<u>191,198</u>
4,040,289	(49,350)	3,990,939	183,890
<u>52,563,531</u>	<u>531,959</u>	<u>53,095,490</u>	<u>2,649,991</u>
<u>\$ 56,603,820</u>	<u>\$ 482,609</u>	<u>\$ 57,086,429</u>	<u>\$ 2,833,881</u>



CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2019

	General	Debt Service
<b>Assets</b>		
Cash, cash equivalents and pooled investments	\$ 10,165,353	\$ 13,128
Receivables:		
Property tax:		
Delinquent	91,410	9,925
Succeeding year	22,517,056	2,438,425
Accounts	603,396	-
Accrued interest	-	-
Due from other governments	339,852	-
Due from other funds	-	-
Inventories	9,156	-
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 33,726,223</u>	<u>\$ 2,461,478</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 740,932	\$ -
Salaries and benefits payable	6,028,438	-
Due to other governments	124,612	-
Due to other funds	-	-
Total liabilities	<u>6,893,982</u>	<u>                    </u>
Deferred Inflows of Resources:		
Unavailable revenues:		
Succeeding year property tax	<u>22,517,056</u>	<u>2,438,425</u>
Fund balances:		
Nonspendable	9,156	-
Restricted for:		
Categorical funding	346,111	-
Debt service	-	23,053
Management levy purposes	-	-
Student activities	-	-
Public purpose trust funds	-	-
School infrastructure	-	-
Physical plant and equipment	-	-
Unassigned	3,959,918	-
Total fund balances	<u>4,315,185</u>	<u>23,053</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,726,223</u>	<u>\$ 2,461,478</u>

See notes to financial statements.

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 11,219,583	\$ 1,628,230	\$ 23,026,294
14,270	2,592	118,197
3,631,683	500,783	29,087,947
-	4,493	607,889
5,541	-	5,541
417,339	-	757,191
-	-	-
-	-	9,156
<u>\$ 15,288,416</u>	<u>\$ 2,136,098</u>	<u>\$ 53,612,215</u>
\$ 903,321	\$ 36,946	\$ 1,681,199
-	-	6,028,438
-	-	124,612
-	-	-
<u>903,321</u>	<u>36,946</u>	<u>7,834,249</u>
<u>3,631,683</u>	<u>500,783</u>	<u>29,087,947</u>
-	-	9,156
-	-	346,111
-	-	23,053
-	1,037,688	1,037,688
-	540,994	540,994
-	19,687	19,687
6,763,632	-	6,763,632
3,989,780	-	3,989,780
-	-	3,959,918
<u>10,753,412</u>	<u>1,598,369</u>	<u>16,690,019</u>
<u>\$ 15,288,416</u>	<u>\$ 2,136,098</u>	<u>\$ 53,612,215</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

June 30, 2019

Total fund balances of governmental funds (page 19)			\$ 16,690,019
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.			112,115,529
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.			(112,296)
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	\$ 9,810,943		
Deferred inflows of resources	<u>(1,561,088)</u>	8,249,855	
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>(80,339,287)</u>
Net position of governmental activities (page 17)			<u><u>\$ 56,603,820</u></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, 2019

	General	Debt Service
Revenues:		
Local sources:		
Local tax	\$ 21,248,155	\$ 2,420,454
Tuition	2,742,104	-
Other	742,476	13,729
State sources	32,375,668	60,666
Federal sources	1,908,924	-
Total revenues	<u>59,017,327</u>	<u>2,494,849</u>
Expenditures:		
Current:		
Instruction:		
Regular instruction	28,078,677	-
Special instruction	8,248,751	-
Other instruction	4,593,736	-
	<u>40,921,164</u>	<u>-</u>
Support services:		
Student services	1,895,600	-
Instructional staff services	2,247,409	-
Administration services	5,919,624	-
Operation and maintenance of plant services	4,842,393	-
Transportation services	1,782,320	-
	<u>16,687,346</u>	<u>-</u>
Other expenditures:		
Facilities acquisition and construction	-	-
Long-term debt:		
Principal	-	3,645,000
Interest and other charges	-	1,490,825
AEA flowthrough	2,426,393	-
	<u>2,426,393</u>	<u>5,135,825</u>
Total expenditures	<u>60,034,903</u>	<u>5,135,825</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,017,576)</u>	<u>(2,640,976)</u>
Other financing sources (uses):		
Proceeds from sale of real or personal property	40,969	-
General obligation bonds issued	-	-
Operating transfers in	21,757	2,342,830
Operating transfers out	-	-
Total other financing sources (uses)	<u>62,726</u>	<u>2,342,830</u>
Change in fund balances	(954,850)	(298,146)
Fund balances beginning of year	<u>5,270,035</u>	<u>321,199</u>
Fund balances end of year	<u>\$ 4,315,185</u>	<u>\$ 23,053</u>

See notes to financial statements.

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,479,820	\$ 598,408	\$ 27,746,837
-	-	2,742,104
1,137,068	953,515	2,846,788
5,355,603	16,036	37,807,973
-	-	1,908,924
<u>9,972,491</u>	<u>1,567,959</u>	<u>73,052,626</u>
1,100,044	111,601	29,290,322
-	-	8,248,751
-	918,448	5,512,184
<u>1,100,044</u>	<u>1,030,049</u>	<u>43,051,257</u>
-	-	1,895,600
12,695	-	2,260,104
249,120	21,398	6,190,142
172,816	426,112	5,441,321
443,699	95,978	2,321,997
<u>878,330</u>	<u>543,488</u>	<u>18,109,164</u>
14,939,589	-	14,939,589
-	-	3,645,000
-	-	1,490,825
-	-	2,426,393
<u>14,939,589</u>	<u>-</u>	<u>22,501,807</u>
<u>16,917,963</u>	<u>1,573,537</u>	<u>83,662,228</u>
(6,945,472)	(5,578)	(10,609,602)
72,952	-	113,921
-	-	-
10,250	-	2,374,837
(2,342,830)	(13,028)	(2,355,858)
<u>(2,259,628)</u>	<u>(13,028)</u>	<u>132,900</u>
(9,205,100)	(18,606)	(10,476,702)
<u>19,958,512</u>	<u>1,616,975</u>	<u>27,166,721</u>
<u>\$ 10,753,412</u>	<u>\$ 1,598,369</u>	<u>\$ 16,690,019</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, 2019

Net change in fund balances - total governmental funds (page 21) \$ (10,476,702)

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	\$ 15,074,782	
Depreciation expense	<u>(2,808,622)</u>	12,266,160

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	-	
Repayments	<u>3,645,000</u>	3,645,000

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.

154,793

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.

3,545,485

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	(2,574)	
Pension expense	(4,896,071)	
OPEB expense	<u>(247,477)</u>	<u>(5,146,122)</u>

Change in net position of governmental activities (page 18) \$ 4,040,289

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Net Position  
Proprietary Funds

June 30, 2019

	Enterprise		
	School Nutrition	Coffee Shop	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 854,626	\$ 4,927	\$ 859,553
Accounts receivable	265	-	265
Accrued interest receivable	-	-	-
Due from other governments	-	-	-
Inventories	81,581	-	81,581
Total current assets	936,472	4,927	941,399
Noncurrent assets:			
Capital assets, net of accumulated depreciation	117,933	-	117,933
Total assets	1,054,405	4,927	1,059,332
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows of resources	199,682	-	199,682
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	72,634	-	72,634
Salaries and benefits payable	35,731	-	35,731
Due to other funds	-	-	-
Total current liabilities	108,365	-	108,365
Noncurrent liabilities:			
Net pension liability	636,181	-	636,181
Total liabilities	744,546	-	744,546
<b>Deferred Inflows of Resources</b>			
Pension related deferred inflows of resources	31,859	-	31,859
<b>Net position</b>			
Investment in capital assets	117,933	-	117,933
Unrestricted	359,749	4,927	364,676
Total net position	\$ 477,682	\$ 4,927	\$ 482,609

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2019

	Enterprise		Total
	School Nutrition	Coffee Shop	
Operating revenues:			
Local sources:			
Charges for service	\$ 1,466,789	\$ -	\$ 1,466,789
Other	9,456	13,917	23,373
Total operating revenues	<u>1,476,245</u>	<u>13,917</u>	<u>1,490,162</u>
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	829,663	-	829,663
Benefits	253,289	-	253,289
Purchased services	47,257	-	47,257
Supplies	1,338,991	14,470	1,353,461
Depreciation	34,602	-	34,602
Total operating expenses	<u>2,503,802</u>	<u>14,470</u>	<u>2,518,272</u>
Operating income (loss)	<u>(1,027,557)</u>	<u>(553)</u>	<u>(1,028,110)</u>
Non-operating revenues:			
State sources	14,882	-	14,882
Federal sources	965,362	-	965,362
Interest on investments	17,495	-	17,495
Total non-operating revenues	<u>997,739</u>	<u>-</u>	<u>997,739</u>
Non-operating expenses:			
Operating transfer out	<u>(18,979)</u>	<u>-</u>	<u>(18,979)</u>
Change in net position	(48,797)	(553)	(49,350)
Net position beginning of year	<u>526,479</u>	<u>5,480</u>	<u>531,959</u>
Net position end of year	<u>\$ 477,682</u>	<u>\$ 4,927</u>	<u>\$ 482,609</u>

See notes to financial statements.



CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2019

	School Nutrition	Enterprise Coffee Shop	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 1,489,063	\$ 14,079	\$ 1,503,142
Cash payments to employees for services	(1,044,772)	-	(1,044,772)
Cash payments to suppliers for goods or services	(1,270,537)	(15,536)	(1,286,073)
Net cash provided by (used by) operating activities	<u>(826,246)</u>	<u>(1,457)</u>	<u>(827,703)</u>
Cash flows from non-capital financing activities:			
State grants received	14,882	-	14,882
Federal grants received	822,031	-	822,031
Net cash provided by non-capital financing activities	<u>836,913</u>	<u>-</u>	<u>836,913</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(33,071)	-	(33,071)
Disposition of capital assets	-	-	-
Net cash used by capital and related financing activities	<u>(33,071)</u>	<u>-</u>	<u>(33,071)</u>
Cash flows from investing activities:			
Interest on investments	17,495	-	17,495
Net increase in cash and cash equivalents	(4,909)	(1,457)	(6,366)
Cash and cash equivalents at beginning of year	859,535	6,384	865,919
Cash and cash equivalents at end of year	<u>\$ 854,626</u>	<u>\$ 4,927</u>	<u>\$ 859,553</u>
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:			
Operating income (loss)	\$ (1,027,557)	\$ (553)	\$ (1,028,110)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:			
Commodities used	143,331	-	143,331
Depreciation	34,602	-	34,602
Transfers	(18,979)	-	(18,979)
Decrease in receivables	13,051	162	13,213
Decrease in inventories	2,206	-	2,206
Decrease in accounts payable	(10,847)	(1,066)	(11,913)
Increase in salaries and benefits payable	10,617	-	10,617
Decrease in due to others	(233)	-	(233)
Decrease in net pension liability	(6,278)	-	(6,278)
Decrease in deferred outflows of resources	14,259	-	14,259
Increase in deferred inflows of resources	19,582	-	19,582
Net cash provided by (used by) operating activities	<u>\$ (826,246)</u>	<u>\$ (1,457)</u>	<u>\$ (827,703)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2019, the District received \$143,331 of federal commodities.

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Position  
Fiduciary Funds

June 30, 2019

	Private Purpose Trust - Scholarships	Agency Funds
<b>Assets</b>		
Cash, cash equivalents and pooled investments	\$ 16,488	\$ 117,690
Accounts receivable	-	13,505
Due from others	-	538,181
	16,488	669,376
<b>Liabilities</b>		
Accounts payable	-	613,876
Due to other funds	-	-
Due to others	-	55,500
	-	669,376
<b>Net position</b>		
Reserved for scholarships	\$ 16,488	\$ -

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds

Year ended June 30, 2019

	Private Purpose Trust - Scholarships
Additions:	
Local sources:	
Gifts and contributions	\$ 5,000
Interest income	222
Total additions	<u>5,222</u>
Deductions:	
Support services:	
Scholarships awarded	<u>6,250</u>
Total deductions	<u>6,250</u>
Change in net position	(1,028)
Net position beginning of year	<u>17,516</u>
Net position end of year	<u>\$ 16,488</u>

See notes to financial statements.

# CEDAR FALLS COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

### (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, 2019

(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, 2019

(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, 2019

(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, 2019

(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, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2018.

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	\$	2,000
Buildings and improvements		2,000
Improvements other than buildings		2,000
Intangibles		50,000
Furniture and equipment:		
School Nutrition Fund equipment		2,000
Other furniture and equipment		2,000
Vehicles		2,000



CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2019

(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, 2019. 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, 2019

(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 consist of property tax receivable and other receivables not collected within sixty days after year end.

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, 2019

(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, 2019 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, 2019 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 were valued at an amortized cost of \$0 at June 30, 2019, pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

(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 \$2,426,393 for the year ended June 30, 2019, 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, 2019

(4) Capital Assets

Capital assets activity for the year ended June 30, 2019 is as follows:

	Balance, Beginning of Year	Increases	Decreases	Balance, End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,965,334	\$ -	\$ -	\$ 2,965,334
Construction in progress	<u>26,021,807</u>	<u>12,739,556</u>	<u>21,626,265</u>	<u>17,135,098</u>
Total capital assets not being depreciated	<u>28,987,141</u>	<u>12,739,556</u>	<u>21,626,265</u>	<u>20,100,432</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	98,922,324	23,198,080	-	122,120,404
Improvements other than buildings	3,169,966	-	-	3,169,966
Furniture and equipment	3,540,035	375,638	26,098	3,889,575
Vehicles	4,370,658	387,773	322,005	4,436,426
Intangibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets being depreciated/amortized	<u>110,002,983</u>	<u>23,961,491</u>	<u>348,103</u>	<u>133,616,371</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	30,606,652	2,028,476	-	32,635,128
Improvements other than buildings	2,779,904	104,357	-	2,884,261
Furniture and equipment	2,782,916	293,068	26,098	3,049,886
Vehicles	2,971,283	382,721	322,005	3,031,999
Intangibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation/amortization	<u>39,140,755</u>	<u>2,808,622</u>	<u>348,103</u>	<u>41,601,274</u>
Total capital assets being depreciated/amortized, net	<u>70,862,228</u>	<u>21,152,869</u>	<u>-</u>	<u>92,015,097</u>
Governmental activities capital assets, net	<u>\$ 99,849,369</u>	<u>\$ 33,892,425</u>	<u>\$ 21,626,265</u>	<u>\$ 112,115,529</u>
<b>Business type activities:</b>				
Furniture, equipment, vehicles	\$ 809,531	\$ 33,071	\$ 66,972	\$ 775,630
Less accumulated depreciation	<u>690,067</u>	<u>34,602</u>	<u>66,972</u>	<u>657,697</u>
Business type activities capital assets, net	<u>\$ 119,464</u>	<u>\$ (1,531)</u>	<u>\$ -</u>	<u>\$ 117,933</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2019

(4) Capital Assets - (continued)

Depreciation/amortization expense was charged to the following functions:

**Governmental activities:**

Instruction:	
Regular	\$ 82,705
Special	616
Other	10,488
Support services:	
Support staff	239
Instructional staff	3,037
Administration	24,561
Operation and maintenance of plant	45,894
Transportation	357,079
	524,619
Unallocated depreciation/amortization	2,284,003
	\$ 2,808,622

**Business type activities:**

School nutrition	\$ 34,602
	\$ 34,602

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2019 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
<b>Governmental activities:</b>					
General Obligation					
Bonds payable	\$ 30,955,000	\$ -	\$ 1,335,000	\$ 29,620,000	\$ 1,400,000
Premium	839,160	-	46,620	792,540	46,620
	31,794,160	-	1,381,620	30,412,540	1,446,620
Revenue					
Bonds payable	4,680,000	-	900,000	3,780,000	920,000
Premium	25,275	-	5,055	20,220	5,055
	4,705,275	-	905,055	3,800,220	925,055
Revenue					
Bonds payable	13,275,000	-	1,100,000	12,175,000	1,120,000
Note payable	310,000	-	310,000	-	-
Compensated absences	202,074	204,648	202,074	204,648	204,648
Net pension liab.	31,480,491	-	307,612	31,172,879	-
Net OPEB liab.	2,300,000	274,000	-	2,574,000	-
Total	\$ 84,067,000	\$ 478,648	\$ 4,206,361	\$ 80,339,287	\$ 3,696,323
<b>Business type activities:</b>					
Net pension liab.	\$ 642,659	\$ -	\$ 6,478	\$ 636,181	\$ -
	\$ 642,659	\$ -	\$ 6,478	\$ 636,181	\$ -

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2019

(5) Long-Term Liabilities - (continued)

General Obligation bonds:

Details of the District's June 30, 2019 general obligation indebtedness are as follows:

Year Ending June 30,	Bond Issued February 7, 2017		
	Interest Rate	Principal	Interest
2020	4.000%	\$ 1,400,000	\$ 1,034,300
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
2025-2029	3.000%-5.000%	8,325,000	3,073,525
2030-2034	3.000%-3.375%	9,635,000	1,711,038
2035-2036	3.375%-3.500%	4,400,000	229,881
		\$ 29,620,000	\$ 9,623,319

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, 2019 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
2020	2.500%	\$ 920,000	\$ 104,050	2.100%	\$ 1,120,000	\$ 255,675
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
2025-2029		-	-	2.100%	6,375,000	406,875
		\$ 3,780,000	\$ 270,750		\$ 12,175,000	\$ 1,446,165

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2019

(5) Long-Term Liabilities - (continued)

Year Ending June 30,	Total		
	Principal	Interest	Total
2020	\$ 2,040,000	\$ 359,725	\$ 2,399,725
2021	2,085,000	313,205	2,398,205
2022	2,125,000	265,620	2,390,620
2023	2,125,000	212,310	2,337,310
2024	1,205,000	159,180	1,364,180
2025-2029	6,375,000	406,875	6,781,875
	<u>\$ 15,955,000</u>	<u>\$ 1,716,915</u>	<u>\$ 17,671,915</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 \$4,050,750. For the current year, principal of \$900,000 and interest of \$122,050 was paid. Total statewide sales, services and use tax revenues were \$5,259,465.

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 \$13,621,165. For the current year, principal of \$1,100,000 and interest of \$278,775 was paid.

Note payable:

On April 30, 2017, the District entered into a real estate contract with the Board of Regents, State of Iowa, for the use and benefit of the University of Northern Iowa, to purchase approximately 50 acres of land for \$1,240,000. Earnest money of \$20,000 was paid on May 31, 2017. Closing took place on October 10, 2017, and \$600,000 was paid as of that date. A payment of \$310,000 was made June 30, 2018, and the contract balance of \$310,000 was paid on June 30, 2019.

# CEDAR FALLS COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2019

(6) Construction Commitment

The District has entered into contracts for various building construction, improvement and roofing projects totaling \$20,912,766 as of June 30, 2019. Costs of \$17,135,098 on these contracts had been incurred as of June 30, 2019, \$16,505,888 had been paid, and \$629,210 was included in the accounts payable on the balance sheet. The balance of \$3,777,668 remaining on these contracts will be paid as work on the various projects progresses.

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

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

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, 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.

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, 2019

(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 2019, 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 \$3,617,842.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the District recorded a liability of \$31,809,060 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the District's proportion was 0.502652%, which was an increase of 0.020417% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$4,995,991. At June 30, 2019, 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	\$ 174,404	\$ 718,936
Changes of assumptions	4,537,759	-
Net difference between projected and actual earnings on IPERS investments	-	874,011
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	1,654,097	-
District contributions subsequent to the measurement date	3,617,842	-
Total	\$ 9,984,102	\$ 1,592,947

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2019

(7) Pension Plan (continued)

\$3,617,842 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, 2020.

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,	
2020	\$ 2,774,192
2021	1,588,742
2022	147,742
2023	232,269
2024	30,368
Total	<u>\$ 4,773,313</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2018 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, 2018 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 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, 2019

(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%	6.01%
International equity	15.0%	6.48%
Global smart beta equity	3.0%	6.23%
Core plus fixed income	27.0%	1.97%
Public credit	3.5%	3.93%
Public real assets	7.0%	2.91%
Cash	1.0%	-0.25%
Private equity	11.0%	10.81%
Private real assets	7.5%	4.14%
Private credit	3.0%	3.11%
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	\$ 53,986,367	\$ 31,809,060	\$ 13,205,596

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

Payables to IPERS- At June 30, 2019, 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, 2019

(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, 2019 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	18
Active employees	699
Total	717

Total OPEB Liability - The District's total OPEB liability of \$2,574,000 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2018)	2.50% per annum.
Rates of salary increases (effective June 30, 2018)	3.50% per annum, including inflation.
Discount rate (effective June 30, 2019)	3.50% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2019)	6.50% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate - the discount rate used to measure the total OPEB liability was 3.50% 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-2017 total dataset mortality table fully generational using Scale MP-2017. 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, 2019 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, 2019

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

Changes in the Total OPEB Liability

Total OPEB liability beginning of year	\$ 2,300,000
Changes for the year:	
Service cost	244,078
Interest	95,622
Difference between expected and actual experiences	-
Changes in assumptions	80,555
Benefit payments	(145,725)
Rounding	(530)
Net changes	274,000
Total OPEB liability end of year	\$ 2,574,000

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.50% in fiscal year 2019.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 3,005,000	\$ 2,574,000	\$ 2,235,000

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50%) or 1% higher (7.50%) than the current rate.

	1% Decrease (5.50%)	Healthcare Cost Trend Rate (6.50%)	1% Increase (7.50%)
Total OPEB Liability	\$ 2,224,000	\$ 2,574,000	\$ 3,010,000

For the year ended June 30, 2019, the District recognized OPEB expense of \$342,000. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ -
Changes of assumptions	26,523
Total	\$ 26,523

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2019

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

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

Year Ended June 30,	
2020	\$ 1,864
2021	1,864
2022	1,864
2023	1,864
2024	1,864
Thereafter	<u>17,203</u>
Total	<u><u>\$ 26,523</u></u>

(9) Contingencies and Risk Management

At June 30, 2019, 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, 2019 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	\$ 117,225

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, 2019, this reimbursement amounted to \$62,588.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2019

(11) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2019 is as follows:

Transfer to:		Transfer from:	
General Fund	\$ 2,778		
Capital Projects Funds: Stateside Sales, Services and Use Tax	5,000		
Physical Plant and Equipment Levy	5,250 <u>13,028</u>	Special Revenue Fund: Management Levy	\$ 13,028
Debt Service Fund	2,342,830	Capital Projects Fund: Stateside Sales, Services and Use Tax	<u>2,342,830</u> 2,355,858
General Fund	<u>18,979</u>	Proprietary Fund: Enterprise Fund - School Nutrition	<u>18,979</u>
	<u>\$ 2,374,837</u>		<u>\$ 2,374,837</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	\$ 73,399
New teacher mentoring	18,632
Teacher salary supplement	21,556
Professional development	139,746
4-year old preschool	38,229
Talented and gifted program	<u>54,549</u>
Total	<u>\$ 346,111</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2019

(13) Subsequent Events

Management has evaluated subsequent events through December 12, 2019, the date which the financial statements were available for issue.

A special election was held on June 25, 2019, and a measure was passed to contract indebtedness and issue General Obligation Bonds in an amount not to exceed \$69,900,000 to provide funds to construct, build, furnish and equip a new high school in the coming year.

On November 14, 2019, the District sold \$10,000,000 of School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2019, for the purpose of providing funds to pay the initial costs, furnishing and equipping a new high school and improving the site.



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, 2019

	Governmental Fund Types Actual	Proprietary Fund Type Actual
<b>Revenues:</b>		
Local sources	\$ 33,335,729	\$ 1,507,657
Intermediate sources	-	-
State sources	37,807,973	14,882
Federal sources	1,908,924	965,362
Total receipts	<u>73,052,626</u>	<u>2,487,901</u>
<b>Expenditures</b>		
Instruction	43,051,257	-
Support services	18,109,164	-
Non-instructional programs	-	2,518,272
Other expenditures	22,501,807	-
Total disbursements	<u>83,662,228</u>	<u>2,518,272</u>
Excess (deficiency) of revenues over (under) expenditures	(10,609,602)	(30,371)
Other financing sources, net	<u>132,900</u>	<u>(18,979)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses and special items	(10,476,702)	(49,350)
Balance beginning of year	<u>27,166,721</u>	<u>531,959</u>
Balance end of year	<u>\$ 16,690,019</u>	<u>\$ 482,609</u>

See accompanying independent auditors' report.

Budget Adjustments	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
		Original	Final	
\$ 2,663	\$ 34,840,723	\$ 34,992,448	\$ 34,992,448	\$ (151,725)
-	-	-	-	-
-	37,822,855	37,637,905	37,637,905	184,950
-	2,874,286	2,839,209	2,839,209	35,077
<u>2,663</u>	<u>75,537,864</u>	<u>75,469,562</u>	<u>75,469,562</u>	<u>68,302</u>
-	43,051,257	44,433,887	45,104,706	2,053,449
-	18,109,164	17,872,961	18,906,284	797,120
-	2,518,272	2,747,660	2,833,809	315,537
-	22,501,807	20,255,841	25,386,366	2,884,559
<u>-</u>	<u>86,180,500</u>	<u>85,310,349</u>	<u>92,231,165</u>	<u>6,050,665</u>
2,663	(10,642,636)	(9,840,787)	(16,761,603)	6,118,967
<u>-</u>	<u>113,921</u>	<u>17,500</u>	<u>17,500</u>	<u>96,421</u>
2,663	(10,528,715)	(9,823,287)	(16,744,103)	6,215,388
<u>17,024</u>	<u>27,681,656</u>	<u>22,449,455</u>	<u>22,449,455</u>	<u>5,232,201</u>
<u>\$ 19,687</u>	<u>\$ 17,152,941</u>	<u>\$ 12,626,168</u>	<u>\$ 5,705,352</u>	<u>\$ 11,447,589</u>

## CEDAR FALLS COMMUNITY SCHOOL DISTRICT

### Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2019

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 \$6,920,816.

During the year ended June 30, 2019, 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 Five Years\*  
(In Thousands)

Required Supplementary Information

	2019	2018	2017	2016
District's proportion of the net pension liability	0.502652%	0.482235%	0.467299%	0.464128%
District's proportionate share of the net pension liability	\$ 31,809	\$ 32,123	\$ 29,408	\$ 22,930
District's covered payroll	\$ 34,155	\$ 32,623	\$ 30,330	\$ 28,891
District's proportionate share of the net pension liability as a percentage of its covered payroll	93.13%	98.47%	96.96%	79.37%
IPERS' net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%

\* 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.

2015

0.456693%

\$ 18,112

\$ 27,130

66.76%

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

	2019	2018	2017	2016
Statutorily required contribution	\$ 3,618	\$ 3,373	\$ 3,217	\$ 2,995
Contributions in relation to the statutorily required contribution	<u>(3,618)</u>	<u>(3,373)</u>	<u>(3,217)</u>	<u>(2,995)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 34,223	\$ 34,155	\$ 32,623	\$ 30,330
Contributions as a percentage of covered-employee payroll	10.57%	9.88%	9.86%	9.87%

See accompanying independent auditors' report.

2015	2014	2013	2012	2011	2010
\$ 2,834	\$ 2,673	\$ 2,445	\$ 2,176	\$ 1,806	\$ 1,784
<u>(2,834)</u>	<u>(2,673)</u>	<u>(2,445)</u>	<u>(2,176)</u>	<u>(1,806)</u>	<u>(1,784)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 28,891	\$ 27,130	\$ 25,639	\$ 24,538	\$ 23,802	\$ 23,706
9.81%	9.85%	9.54%	8.87%	7.59%	7.53%



## CEDAR FALLS COMMUNITY SCHOOL DISTRICT

### Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2019

#### Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

#### 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.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

For the Last Two Years  
Required Supplementary Information

	2019	2018
Service cost	\$ 244,078	\$ 234,984
Interest cost	95,622	89,816
Difference between expected and actual experiences	-	-
Changes in assumptions	80,555	(56,563)
Benefit payments	(145,725)	(108,429)
Rounding	(530)	192
	274,000	160,000
Net change in OPEB liability	274,000	160,000
Total OPEB liability beginning of year, as restated	2,300,000	2,140,000
	\$ 2,574,000	\$ 2,300,000
Total OPEB liability end of year		
Covered-employee payroll	\$35,197,055	\$34,445,412
Total OPEB liability as a percentage of covered-employee payroll	7.31%	6.68%

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

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Net Position  
Component Unit

June 30, 2019

	Component Unit - Cedar Falls Community Schools Foundation
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 2,835,647
Accounts receivable	-
Fixed assets, net of depreciation	-
	<hr/>
Total assets	2,835,647
	<hr/>
<b>Liabilities</b>	1,766
	<hr/>
<b>Net position</b>	
Unrestricted	\$ 2,833,881
	<hr/> <hr/>

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Changes in Net Position  
Component Unit

Year ended June 30, 2019

	Component Unit - Cedar Falls Community Schools Foundation
Support and Revenue:	
Contributions	\$ 100,473
Investment earnings	124,980
Other revenue	66,218
Total support and revenue	<u>291,671</u>
Expenses:	
Instructional support	72,459
Operation and maintenance	35,322
Total expenses	<u>107,781</u>
Change in net position	183,890
Net position beginning of year	<u>2,649,991</u>
Net position end of year	<u>\$ 2,833,881</u>

See accompanying independent auditors' report.

## Supplementary Information

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2019

	Special Revenue			
	Management Levy	Student Activity	Public Purpose Trust Fund	Total Special Revenue
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 1,046,629	\$ 561,914	\$ 19,687	\$ 1,628,230
Receivables:				
Property tax:				
Delinquent	2,592	-	-	2,592
Succeeding year	500,783	-	-	500,783
Accounts	136	4,357	-	4,493
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
	<u>\$ 1,550,140</u>	<u>\$ 566,271</u>	<u>\$ 19,687</u>	<u>\$ 2,136,098</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 11,669	\$ 25,277	\$ -	\$ 36,946
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>11,669</u>	<u>25,277</u>	<u>-</u>	<u>36,946</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues:				
Succeeding year property tax	500,783	-	-	500,783
	<u>500,783</u>	<u>-</u>	<u>-</u>	<u>500,783</u>
<b>Fund balances:</b>				
Nonspendable	-	-	-	-
Restricted for:				
Management levy purposes	1,037,688	-	-	1,037,688
Student activities	-	540,994	-	540,994
Public purpose trust funds	-	-	19,687	19,687
Total fund balances	<u>1,037,688</u>	<u>540,994</u>	<u>19,687</u>	<u>1,598,369</u>
	<u>\$ 1,550,140</u>	<u>\$ 566,271</u>	<u>\$ 19,687</u>	<u>\$ 2,136,098</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 1,550,140</u>	<u>\$ 566,271</u>	<u>\$ 19,687</u>	<u>\$ 2,136,098</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, 2019

	Special Revenue			Total Special Revenue Funds
	Manage- ment Levy	Student Activity	Public Purpose Trust Fund	
Revenues:				
Local sources:				
Local tax	\$ 598,408	\$ -	\$ -	\$ 598,408
Other	19,596	931,256	2,663	953,515
State sources	16,036	-	-	16,036
Federal sources	-	-	-	-
Total revenues	<u>634,040</u>	<u>931,256</u>	<u>2,663</u>	<u>1,567,959</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	111,601	-	-	111,601
Special instruction	-	-	-	-
Other instruction	-	918,448	-	918,448
Support services:				
Student services	-	-	-	-
Instructional staff services	-	-	-	-
Administration services	21,398	-	-	21,398
Operating and maintenance of plant services	426,112	-	-	426,112
Transportation services	95,978	-	-	95,978
Other expenditures:				
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>655,089</u>	<u>918,448</u>	<u>-</u>	<u>1,573,537</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,049)</u>	<u>12,808</u>	<u>2,663</u>	<u>(5,578)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(13,028)	-	-	(13,028)
Total other financing sources (uses)	<u>(13,028)</u>	<u>-</u>	<u>-</u>	<u>(13,028)</u>
Change in fund balances	(34,077)	12,808	2,663	(18,606)
Fund balances beginning of year	<u>1,071,765</u>	<u>528,186</u>	<u>17,024</u>	<u>1,616,975</u>
Fund balances end of year	<u>\$ 1,037,688</u>	<u>\$ 540,994</u>	<u>\$ 19,687</u>	<u>\$ 1,598,369</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, 2019

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expen- ditures	Intra- Fund Transfers	Balance End of Year
Investment income	\$ 69,347	\$ 10,700	\$ -	\$ -	\$ 80,047
Miscellaneous	23,173	2,995	6,972	883	20,079
Drama arts	11,725	9,950	8,710	-	12,965
Speech	102	-	1,552	1,500	50
Recog.-music/speech	1,468	-	1,001	-	467
Yearbook	91,443	48,091	26,539	(120)	112,875
Music/vocal	5,860	13,523	19,897	971	457
Music/orchestra	1,394	41,879	43,176	85	182
Music/band	4,282	21,319	22,084	(20)	3,497
Athletics	16,118	160,439	132,845	(18,268)	25,444
Athletic resale	380	3,044	2,215	-	1,209
Bowling	-	1,666	4,216	2,550	-
Track meets	346	12,953	14,205	1,000	94
Tennis	479	434	2,886	1,973	-
Golf	-	5,455	9,623	4,168	-
Cheerleaders	14,097	27,618	50,181	11,319	2,853
Pom poms	5,104	40,913	44,937	-	1,080
Basketball-boys	334	29,382	35,536	6,600	780
Football	8,457	122,588	137,179	6,200	66
Soccer-boys	680	4,747	8,343	3,000	84
Baseball	570	18,636	19,163	3,000	3,043
Track-boys	-	4,462	11,292	6,830	-
Swimming-boys	287	2,929	3,567	375	24
Wrestling	1,219	12,219	14,574	1,200	64
Basketball-girls	261	13,880	17,357	3,300	84
Volleyball	3,155	17,719	12,620	(6,200)	2,054
Soccer-girls	104	5,235	8,606	6,400	3,133
Softball	715	4,053	4,800	3,000	2,968
Track-girls	-	7,790	13,965	6,175	-
Swimming-girls	683	5,635	3,471	-	2,847
Concessions-Robinsen/Dresser	4,616	12,829	7,044	(7,600)	2,801
A.P.A.	3,667	9,608	9,425	1	3,851
Student Forum	-	-	-	-	-
A.V. Dept.	1,094	84	113	-	1,065
P.C.B.C.	1,592	807	-	-	2,399
Campus improvement	6,344	4,162	1,613	-	8,893
CFHS Memorial Fund	2,921	250	-	-	3,171
CHAT	-	-	-	-	-
Food Bank	115	5,087	6,507	2,355	1,050
DECA	869	5,006	4,945	350	1,280
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	3,231	36,782	306	(39,500)	207
Jr/Sr prom	15,877	8,660	4,685	(250)	19,602
Library	4,354	348	787	295	4,210
FTC	14,887	11,222	5,430	-	20,679
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, 2019

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expen- ditures	Intra- Fund Transfers	Balance End of Year
Pop	4,654	564	305	(755)	4,158
AP textbooks	7,471	-	-	-	7,471
Programs	3,908	224	-	-	4,132
Revolving	22,601	17,433	17,794	-	22,240
Science club	246	40	-	-	286
Faculty	65	67	67	-	65
T & I Club	-	-	-	-	-
Tiger Hi-Line	3,535	-	-	-	3,535
Y.F.U.	-	-	-	-	-
Student forum	1,176	9,809	10,219	(425)	341
Renaissance	-	-	-	-	-
Class of 2003	-	-	-	-	-
Class of 2004	-	-	-	-	-
Cancer funds	-	-	-	-	-
Class of 2008	5,459	-	-	-	5,459
Special needs	-	-	-	-	-
Tiger bizness	319	2,302	1,779	-	842
PTA	-	-	-	-	-
PTA	-	-	-	-	-
Student council	31,116	36,989	47,210	(1,778)	19,117
Pictures	13,437	2,558	4,992	(1,161)	9,842
Lego League	16,245	8,809	5,694	377	19,737
Student activities	4,527	4,697	4,962	-	4,262
Special Olympics	-	-	-	-	-
Math club	404	95	430	-	69
Tiger Time	21	-	-	-	21
Makerspace	75	136	211	-	-
Magazines	23,120	28	1,885	(1,595)	19,668
Student fundraisers club	-	-	-	-	-
Gym padlocks	2,048	727	70	-	2,705
Recycling	351	-	-	-	351
Alpha	2,578	-	-	-	2,578
Robotics	11,945	50,563	48,283	-	14,225
SADD	1,995	500	730	-	1,765
Video yearbook	47	-	-	-	47
Weight room	-	-	-	-	-
Culture Fair	7	-	-	-	7
Trapshooting	7,101	25,524	24,344	-	8,281
Drama clubs	18,908	13,260	7,911	(700)	23,557
Tech clubs	45	-	-	-	45
Choral/Dramatic	21	-	627	700	94
Echoes concessions	1,033	-	497	-	536
Amnesty International	231	500	105	-	626
PATT concessions	2,987	770	874	-	2,883
Brick Fundraiser	502	-	-	-	502
Art Club	1,942	92	298	-	1,736
Baseball Booster	-	-	-	-	-
AW	834	-	-	-	834
PLTW	672	450	175	-	947
Rocket Club	4,834	10,020	16,619	3,765	2,000
	<u>\$ 528,186</u>	<u>\$ 931,256</u>	<u>\$ 918,448</u>	<u>\$ -</u>	<u>\$ 540,994</u>

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Capital Projects Accounts

June 30, 2019

	Capital Projects			Total
	GO Bond Proceeds	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 137,118	\$ 6,976,952	\$ 4,105,513	\$ 11,219,583
Receivables:				
Property tax:				
Delinquent	-	-	14,270	14,270
Succeeding year	-	-	3,631,683	3,631,683
Accounts	-	-	-	-
Accrued interest	-	5,541	-	5,541
Due from other governments	-	417,339	-	417,339
	<u>\$ 137,118</u>	<u>\$ 7,399,832</u>	<u>\$ 7,751,466</u>	<u>\$ 15,288,416</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 100,000	\$ 673,318	\$ 130,003	\$ 903,321
Salaries and benefits payable	-	-	-	-
Total liabilities	<u>100,000</u>	<u>673,318</u>	<u>130,003</u>	<u>903,321</u>
Deferred Inflows of Resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	3,631,683	3,631,683
	<u>-</u>	<u>-</u>	<u>3,631,683</u>	<u>3,631,683</u>
Fund balances:				
Restricted for:				
Debt service	-	-	-	-
School infrastructure	37,118	6,726,514	-	6,763,632
Physical plant and equipment	-	-	3,989,780	3,989,780
Total fund balances	<u>37,118</u>	<u>6,726,514</u>	<u>3,989,780</u>	<u>10,753,412</u>
	<u>\$ 137,118</u>	<u>\$ 7,399,832</u>	<u>\$ 7,751,466</u>	<u>\$ 15,288,416</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 137,118</u>	<u>\$ 7,399,832</u>	<u>\$ 7,751,466</u>	<u>\$ 15,288,416</u>

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, 2019

	Capital Projects			Total
	GO Bond Proceeds	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ -	\$ -	\$ 3,479,820	\$ 3,479,820
Other	49,607	986,564	100,897	1,137,068
State sources	-	5,259,465	96,138	5,355,603
Federal sources	-	-	-	-
Total revenues	<u>49,607</u>	<u>6,246,029</u>	<u>3,676,855</u>	<u>9,972,491</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	-	-	1,100,044	1,100,044
Special instruction	-	-	-	-
Other instruction	-	-	-	-
Support services:				
Student services	-	-	-	-
Instructional staff services	-	-	12,695	12,695
Administration services	-	-	249,120	249,120
Operating and maintenance of plant services	-	-	172,816	172,816
Transportation services	-	-	443,699	443,699
Other expenditures:				
Facilities acquisition and construction	6,814,531	6,373,855	1,751,203	14,939,589
Long -term debt:				
Interest and other charges	-	-	-	-
Total expenditures	<u>6,814,531</u>	<u>6,373,855</u>	<u>3,729,577</u>	<u>16,917,963</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,764,924)</u>	<u>(127,826)</u>	<u>(52,722)</u>	<u>(6,945,472)</u>
Other financing sources (uses):				
Proceeds from sales of real or personal property	-	22,353	50,599	72,952
Proceeds from notes payable	-	-	-	-
Operating transfers in	-	5,000	5,250	10,250
Operating transfers out	-	(2,342,830)	-	(2,342,830)
Total other financing sources (uses)	<u>-</u>	<u>(2,315,477)</u>	<u>55,849</u>	<u>(2,259,628)</u>
Change in fund balances	(6,764,924)	(2,443,303)	3,127	(9,205,100)
Fund balances beginning of year	<u>6,802,042</u>	<u>9,169,817</u>	<u>3,986,653</u>	<u>19,958,512</u>
Fund balances end of year	<u>\$ 37,118</u>	<u>\$ 6,726,514</u>	<u>\$ 3,989,780</u>	<u>\$ 10,753,412</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, 2019

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 42,089	\$ 4,846,548	\$ 4,770,947	\$ 117,690
Accounts receivable	11,234	13,505	11,234	13,505
Due from others	1,534,653	538,181	1,534,653	538,181
	<u>1,587,976</u>	<u>5,398,234</u>	<u>6,316,834</u>	<u>669,376</u>
Total assets	<u>\$ 1,587,976</u>	<u>\$ 5,398,234</u>	<u>\$ 6,316,834</u>	<u>\$ 669,376</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,464,679	\$ 613,876	\$ 1,464,679	\$ 613,876
Due to other funds	1,776	-	1,776	-
Due to others	121,521	3,852,347	3,918,368	55,500
	<u>1,587,976</u>	<u>4,466,223</u>	<u>5,384,823</u>	<u>669,376</u>
Total liabilities	<u>\$ 1,587,976</u>	<u>\$ 4,466,223</u>	<u>\$ 5,384,823</u>	<u>\$ 669,376</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

	2019	2018	2017	2016
<b>Revenues:</b>				
Local sources:				
Local tax	\$ 27,746,837	\$ 27,474,490	\$ 22,485,509	\$ 21,081,789
Tuition	2,742,104	2,738,786	2,937,262	2,760,127
Other	2,846,788	2,705,844	1,890,341	1,807,832
State sources	37,807,973	37,300,711	36,600,570	33,120,500
Federal sources	1,908,924	2,123,041	2,282,521	2,153,972
	<u>\$ 73,052,626</u>	<u>\$ 72,342,872</u>	<u>\$ 66,196,203</u>	<u>\$ 60,924,220</u>
<b>Expenditures:</b>				
Instruction:				
Regular instruction	\$ 29,290,322	\$ 28,125,705	\$ 27,360,072	\$ 25,390,983
Special instruction	8,248,751	8,211,561	7,680,596	7,113,626
Other instruction	5,512,184	5,471,743	5,252,702	5,153,356
Support services:				
Student services	1,895,600	1,724,710	1,625,721	1,578,255
Instructional staff services	2,260,104	1,908,763	1,966,626	1,814,357
Administration services	6,190,142	6,001,549	6,146,806	6,063,674
Operation and maintenance of plant services	5,441,321	5,293,802	4,885,892	4,582,929
Transportation services	2,321,997	2,165,870	2,164,304	1,912,068
Other expenditures:				
Facilities acquisition and construction	14,939,589	25,747,879	8,768,472	1,987,716
Long-term debt:				
Principal	3,645,000	3,920,000	2,080,000	1,775,000
Interest and other charges	1,490,825	1,817,435	3,029,453	1,005,441
AEA flowthrough	2,426,393	2,407,144	2,280,604	2,192,843
	<u>\$ 83,662,228</u>	<u>\$ 92,796,161</u>	<u>\$ 73,241,248</u>	<u>\$ 60,570,248</u>

See accompanying independent auditors' report.

Modified Accrual Basis

2015	2014	2013	2012	2011	2010
\$ 21,261,265	\$ 26,947,506	\$ 25,250,148	\$ 23,292,769	\$ 22,492,144	\$ 22,318,784
4,490,514	6,327,680	6,215,310	2,517,523	2,308,568	2,153,596
1,803,536	1,747,736	1,745,114	1,574,806	1,621,478	1,878,786
32,008,518	25,394,763	24,493,545	24,626,293	21,450,797	17,994,493
2,081,670	2,656,205	1,928,685	2,432,186	2,301,223	4,581,606
<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>	<u>\$ 48,927,265</u>
\$ 24,272,128	\$ 24,038,032	\$ 21,896,495	\$ 21,562,482	\$ 19,480,531	\$ 18,736,430
7,107,009	6,691,764	6,490,150	6,825,387	6,558,307	6,247,935
6,630,397	7,247,235	8,059,569	4,235,767	4,127,564	3,743,650
1,523,678	1,691,188	1,264,113	1,117,153	1,215,980	1,169,510
1,709,134	1,547,129	1,358,477	1,391,869	1,353,387	1,333,883
5,722,790	5,585,773	5,003,083	4,823,745	4,495,179	4,274,983
4,453,088	4,520,518	3,982,925	3,800,984	3,552,168	3,708,966
1,843,511	1,703,982	1,599,625	1,428,608	1,109,410	1,469,613
4,079,170	10,081,475	10,268,105	8,284,764	8,215,722	14,636,512
2,220,000	2,235,000	860,000	845,000	10,000,000	-
1,059,159	1,100,464	910,141	990,232	358,845	265,400
2,132,291	2,052,254	1,929,402	1,925,667	1,952,999	1,875,964
<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>	<u>\$ 57,462,846</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2019

Grantor/Program	CFDA Number	Grant Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Food Distribution (non-cash)	10.550	FY19	<u>143,331</u>
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY19	119,415
National School Lunch Program	10.555	FY19	<u>702,616</u>
			<u>822,031</u>
Total U.S. Department of Agriculture			<u>965,362</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Education Agencies	84.010	FY19	<u>466,435</u>
Vocational Education - Basic Grants to States	84.048A	FY19	<u>33,555</u>
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	FY19	<u>43,062</u>
English Language Acquisition Grants	84.365	FY19	<u>772</u>
Improving Teacher Quality State Grants	84.367	FY19	<u>100,283</u>
Title IV Student Support and Academic Enrichment	84.424	FY19	<u>33,009</u>
Area Education Agency 267:			
Special Education - Grants to States (IDEA)	84.027	FY19	<u>235,152</u>
Total U.S. Department of Education			<u>912,268</u>
U.S. Department of Health & Human Services:			
Tri-County Child & Family Development Council, Inc.:			
Head Start	93.600	FY19	<u>150,197</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,027,827</u></u>

(continued)

# CEDAR FALLS COMMUNITY SCHOOL DISTRICT

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2019

### 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, 2019. 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, as applicable, either the cost principles in OMB Circular A-87, *Cost principles for State, Local and Indian Governments*, or 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.

See accompanying independent auditors' report.



## 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, 2019, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2019.

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, 2019 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.

*Carney, Alexander, Marold + Co., L.L.P.*

Waterloo, Iowa  
December 12, 2019

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, 2019. 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, 2019.

### 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.

*Carney, Alexander, Marold & Co., L.L.P.*

Waterloo, Iowa  
December 12, 2019

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

**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:
  - Title I Grants to Local Education Agencies
- (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, 2019

**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, 2019

**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, 2019

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

- IV-A-19      Certified Budget - Expenditures for the year ended June 30, 2019 did not exceed the amended certified budget amounts.
- IV-B-19      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-19      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-19      Business Transactions - No business transactions between the District and District officials or employees were noted.
- IV-E-19      Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-19      Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-19      Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-H-19      Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-19      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-J-19      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-K-19      Categorical Funding - No instances of categorical funding used to supplant rather than supplement other funds were noted.
- IV-L-19      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, 2019

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

IV-L-19      Statewide Sales and Services Tax (continued)

For the year ended June 30, 2019, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 9,169,817	
Revenues/transfers in:			
Sales tax revenues	\$ 5,259,465		
Other local revenues	986,564		
Transfers from other funds:			
PPEL fund	5,000		
Other	22,353	<u>6,273,382</u>	
			<u>15,443,199</u>
Expenditures/transfers out			
School infrastructure construction	6,373,855		
Other	-		
Transfers to other funds:			
Debt service fund	2,342,830	<u>8,716,685</u>	
Ending balance			<u><u>\$ 6,726,514</u></u>

For the year ended June 30, 2019, 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

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