

CHARLES CITY COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

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Charles City Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Joshua Mack	President	2021
Patricia Rottinghaus	Vice President	2023
Scott Dight	Board Member	2021
Missy Freund	Board Member	2021
Janiece Bergland	Board Member	2023
School Officials		
Michael Fisher	Superintendent	2021
Terri O'Brien	District Treasurer/Secretary Director of Finance (Retired April 2021)	2021
Evan Marten	District Treasurer/Secretary Director of Finance (Appointed April 2021)	2021
Ahlers & Cooney, P.C.	Attorney	2021

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
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Telephone (641) 792-1910

INDEPENDENT AUDITORS REPORT

To the Board of Education of Charles City Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, business type activities, each major fund and the aggregate remaining fund information of Charles City Community School District, Charles City, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Charles City Community School District as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Members American Institute & Iowa Society of Certified Public Accountants

Emphasis of a Matter

As discussed in Note 17 to the financial statements, Charles City Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of the District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 16 and 48 through 53 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Charles City 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 eight years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. Other auditors previously audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2012 (which are not presented herein) and expressed an unmodified opinion on those financial statements. The supplementary information included in Schedules 1 through 11, 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, including the Schedule of Expenditures of Federal Awards, 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, including the Schedule of Expenditures of federal awards, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 22, 2022 on our consideration of the Charles City Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Charles City Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

July 22, 2022
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Charles City Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities, during fiscal year 2021. The beginning net position for fiduciary (custodial) funds was restated by \$22,543 to retroactively report fiduciary funds in accordance with the GASBS.
- The District's total net position for governmental and business type activities decreased from \$12,402,555 at June 30, 2020 to \$12,113,125 at June 30, 2021. Total revenues increased from \$23,225,144 in fiscal year 2020 to \$25,324,930 in fiscal year 2021, a 9.04% increase, while total expenses increased from \$22,794,007 in fiscal year 2020 to \$25,614,360 in fiscal year 2021, a 12.37% increase, compared to the prior year (Figure A-4).
- General Fund revenues increased from \$18,578,864 in fiscal year 2020 to \$20,848,949 in fiscal year 2021, while General Fund expenditures increased from \$18,883,169 in fiscal year 2020 to \$20,016,803 in fiscal year 2021. The District's General Fund balance increased from \$1,793,935 at June 30, 2020 to \$2,626,081 at June 30, 2021, a 46.39% increase.
- The increase in the General Fund revenues was attributable to an increase in federal source revenues received over the prior year while the increase in the General Fund expenditures is primarily due to an increase in instruction expenses from the prior year.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds, internal service funds and scholarship accounts. In addition, the Schedule of Expenditures of Federal Awards provides detail of various federal programs benefiting the District.

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

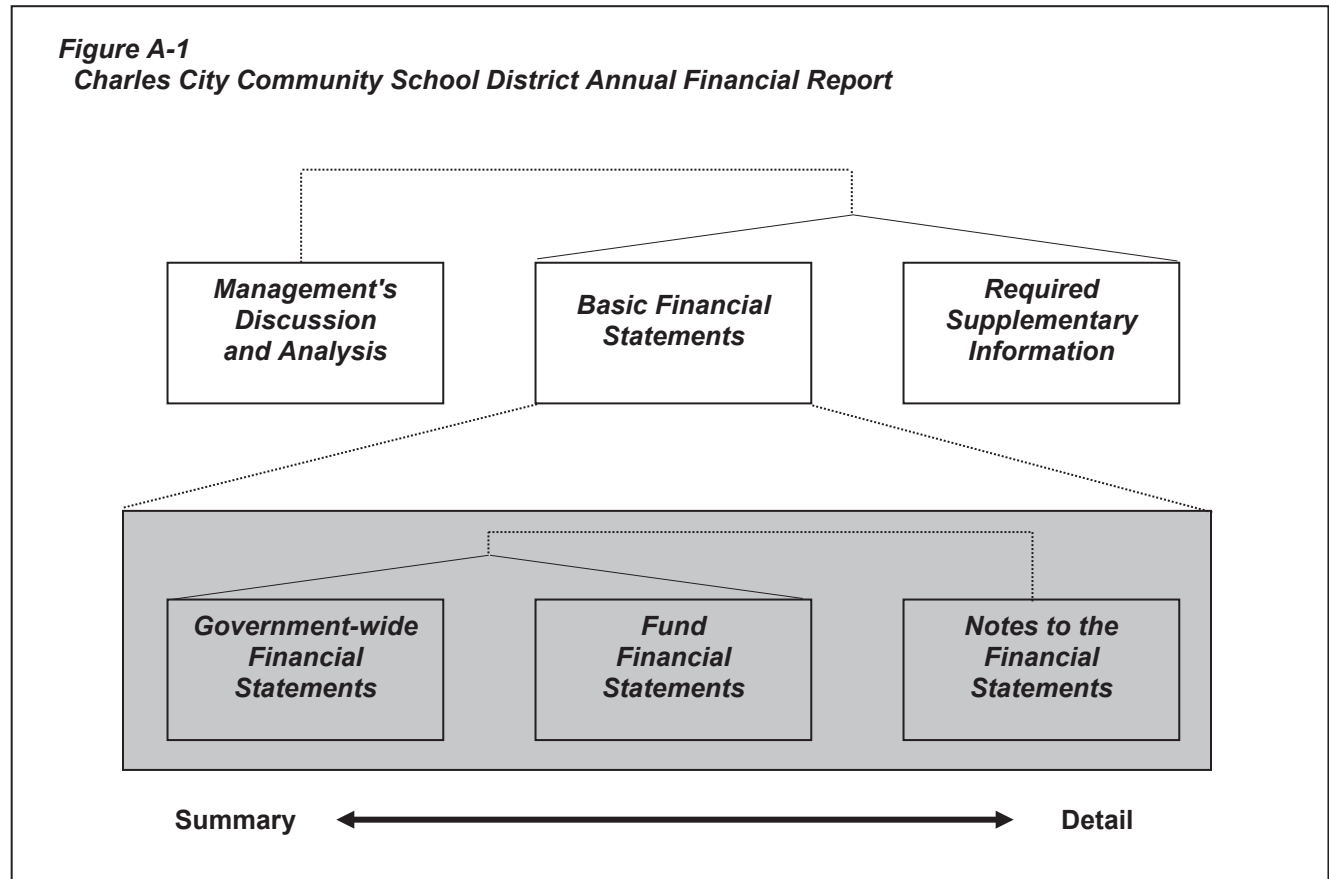


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund. The District's Internal Service Fund, another type of proprietary fund, is the same as the governmental activities, but provides more detail and additional information, such as cash flows. The District currently has two Internal Service Funds, the Flex Spending Fund is used to account for the District's employee flexible benefit plan and the Medical Insurance Fund is used to account for the District's self-funded medical plan.

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

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private Purpose Trust and Custodial Funds.
 - Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
 - Custodial Fund - These are funds through which the District administers and accounts for certain monies on behalf of other entities.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2021 compared to June 30, 2020.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2021	2020	2021	2020	2021	2020	2020-21
Current and other assets	\$ 16,719,073	16,149,448	402,503	251,626	17,121,576	16,401,074	4.39%
Capital assets	23,159,790	25,339,182	94,144	113,870	23,253,934	25,453,052	-8.64%
Total assets	<u>39,878,863</u>	<u>41,488,630</u>	<u>496,647</u>	<u>365,496</u>	<u>40,375,510</u>	<u>41,854,126</u>	<u>-3.53%</u>
Deferred outflows of resources	2,434,480	2,206,411	2,632	-	2,437,112	2,206,411	10.46%
Long-term liabilities	19,586,827	19,575,832	3,677	-	19,590,504	19,575,832	0.07%
Other liabilities	2,349,217	2,749,854	77,620	38,350	2,426,837	2,788,204	-12.96%
Total liabilities	<u>21,936,044</u>	<u>22,325,686</u>	<u>81,297</u>	<u>38,350</u>	<u>22,017,341</u>	<u>22,364,036</u>	<u>-1.55%</u>
Deferred inflows of resources	8,681,981	9,293,946	175	-	8,682,156	9,293,946	-6.58%
Net position:							
Net investment in capital asset	15,077,956	15,184,182	94,144	113,870	15,172,100	15,298,052	-0.82%
Restricted	2,597,703	2,741,099	-	-	2,597,703	2,741,099	-5.23%
Unrestricted	(5,980,341)	(5,849,872)	323,663	213,276	(5,656,678)	(5,636,596)	-0.36%
Total net position	<u>\$ 11,695,318</u>	<u>12,075,409</u>	<u>417,807</u>	<u>327,146</u>	<u>12,113,125</u>	<u>12,402,555</u>	<u>-2.33%</u>

The District's total net position decreased by 2.33%, or \$289,430, from the prior year.

The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$143,396, or 5.23%, from the prior year. The decrease was primarily the result of the decrease in the amount restricted for debt service compared to the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$20,082, or 0.36%. This decrease in unrestricted net position was primarily a result of the increase in the District's net pension liability compared to the prior year.

Figure A-4 shows the changes in net position for the year ended June 30, 2021 compared to the year ended June 30, 2020.

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2021	2020	2021	2020	2021	2020	2020-21
Revenues:							
Program revenues:							
Charges for service	\$ 535,180	760,758	18,914	237,025	554,094	997,783	-44.47%
Operating grants, contributions and restricted interest	3,478,596	2,032,687	1,110,624	719,015	4,589,220	2,751,702	66.78%
Capital grants, contributions and restricted interest	21,993	310,995	-	-	21,993	310,995	-92.93%
General revenues:							
Property tax	7,775,662	6,962,653	-	-	7,775,662	6,962,653	11.68%
Income surtax	594,348	660,952	-	-	594,348	660,952	-10.08%
Statewide sales, services and use tax	1,546,172	1,596,303	-	-	1,546,172	1,596,303	-3.14%
Unrestricted state grants	10,177,700	9,738,040	-	-	10,177,700	9,738,040	4.51%
Unrestricted investment earnings	15,942	91,292	486	2,203	16,428	93,495	-82.43%
Other	49,113	112,574	200	647	49,313	113,221	-56.45%
Total revenues	<u>24,194,706</u>	<u>22,266,254</u>	<u>1,130,224</u>	<u>958,890</u>	<u>25,324,930</u>	<u>23,225,144</u>	<u>9.04%</u>
Program expenses:							
Instruction	13,581,463	12,924,026	-	-	13,581,463	12,924,026	5.09%
Support services	7,695,401	6,966,248	-	-	7,695,401	6,966,248	10.47%
Non-instructional programs	26,671	50,372	992,423	871,715	1,019,094	922,087	10.52%
Other expenses	3,318,402	1,981,646	-	-	3,318,402	1,981,646	67.46%
Total expenses	<u>24,621,937</u>	<u>21,922,292</u>	<u>992,423</u>	<u>871,715</u>	<u>25,614,360</u>	<u>22,794,007</u>	<u>12.37%</u>
Excess (Deficiency) of revenues over (under) expenses	(427,231)	343,962	137,801	87,175	(289,430)	431,137	-167.13%
Transfers	47,140	58,198	(47,140)	(58,198)	-	-	0.00%
Change in net position	(380,091)	402,160	90,661	28,977	(289,430)	431,137	-167.13%
Net position beginning of year	12,075,409	11,673,249	327,146	298,169	12,402,555	11,971,418	3.60%
Net position end of year	<u>\$ 11,695,318</u>	<u>12,075,409</u>	<u>417,807</u>	<u>327,146</u>	<u>12,113,125</u>	<u>12,402,555</u>	<u>-2.33%</u>

In fiscal year 2021, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants accounted for 83.05% of the revenue from governmental activities while charges for service and operating grants and contributions accounted for 99.94% of the revenue from business type activities. The District's total revenues were approximately \$25.32 million of which approximately \$24.19 million was for governmental activities and \$1.13 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 9.04% increase in revenues and a 12.37% increase in expenses. The primary reason for this increase in revenues was an increase in operating grants, contributions and restricted interest received over the prior year. The increase in expenses is related to an increase in instruction costs incurred compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$24,194,706 and expenses were \$24,621,937 for the year ended June 30, 2021.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2021 compared to those expenses the year ended June 30, 2020.

Figure A-5						
Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2021	2020	Change 2020-21	2021	2020	Change 2020-21
Instruction	\$ 13,581,463	12,924,026	5.09%	11,199,306	11,143,841	0.50%
Support services	7,695,401	6,966,248	10.47%	6,818,848	6,390,582	6.70%
Non-instructional programs	26,671	50,372	-47.05%	26,671	50,372	-47.05%
Other expenses	3,318,402	1,981,646	67.46%	2,541,343	1,233,057	106.10%
Total	<u>\$ 24,621,937</u>	<u>21,922,292</u>	<u>12.31%</u>	<u>20,586,168</u>	<u>18,817,852</u>	<u>9.40%</u>

For the year ended June 30, 2021:

- The cost financed by users of the District's programs was \$535,180.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$3,500,589.
- The net cost of governmental activities was financed with \$7,775,662 in property tax, \$594,348 in income surtax, \$1,546,172 in statewide sales, services and use tax, \$10,177,700 in unrestricted state grants, \$15,942 in interest income, and \$49,113 in other general revenues.

Business Type Activities

Revenues of the District's business type activities during the year ended June 30, 2021 were \$1,130,224, a 17.87% increase from the prior year, and expenses were \$992,423, a 13.85% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment and other income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Charles City Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$4,806,007, which is above last year's ending fund balances of \$4,144,195. The increase in combined fund balances is mainly attributable to the increase in fund balance of the General Fund from the prior year.

Governmental Fund Highlights

- The General Fund balance increased from \$1,793,935 at June 30, 2020 to \$2,626,081 at June 30, 2021. Revenues increased from the prior year primarily due to an increase in federal sources received. Total expenditures increased compared to the prior year primarily due to an increase in the instruction functional area.
- The Capital Projects Fund balance increased from \$858,840 at June 30, 2020 to \$1,095,021 at June 30, 2021.
- The Debt Service Fund balance decreased from \$693,072 at June 30, 2020 to \$15,291 at June 30, 2021.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from \$327,146 at June 30, 2020, to \$417,807 at June 30, 2021, representing an increase of 27.71%. Revenues increased 17.87% while expenditures increased 13.85%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$841,825 more than budgeted revenues, a variance of 3.44%. The most significant variance resulted from the District receiving more from federal sources than originally anticipated.

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

In spite of the District's budgetary practice, expenditures in the support services and other expenditures functional areas and in total exceeded the amounts budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had invested \$23,253,934, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 8.64% from last year. More detailed information about capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$2,513,685.

The original cost of the District's capital assets was \$38,177,959. Governmental activities account for \$37,683,333 with the remainder of \$494,626 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings, net of accumulated depreciation totaled \$18,981,952 at June 30, 2021, compared to \$21,023,881 at June 30, 2020. The decrease was mainly due to annual depreciation expense applied during the year.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2021	2020	2021	2020	2021	2020	2020-21
Land	\$ 511,321	495,801	-	-	511,321	495,801	3.13%
Construction in progress	-	195,000	-	-	-	195,000	-100.00%
Buildings	18,981,952	21,023,881	-	-	18,981,952	21,023,881	-9.71%
Land improvements	2,754,141	2,634,892	-	-	2,754,141	2,634,892	100.00%
Machinery and equipment	912,376	989,608	94,144	113,870	1,006,520	1,103,478	-8.79%
Total	\$ 23,159,790	25,339,182	94,144	113,870	23,253,934	25,453,052	-8.64%

Long-Term Debt

At June 30, 2021, the District had \$8,243,284 in total long-term debt outstanding. This represents a decrease of 18.83% from last year. (See Figure A-7) Additional information about the District's long-term debt is available in Note 5 to the financial statements.

The District had an outstanding balance of \$7,892,000 in revenue bonds at June 30, 2021, payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had an outstanding balance of \$189,834 in capital loan notes at June 30, 2021, payable from the Capital Projects: Physical Plant and Equipment Levy Fund.

The District has an outstanding balance of \$161,450 in a computer lease at June 30, 2021, payable from the Capital Projects: Physical Plant and Equipment Levy Fund.

Figure A-7			
Outstanding Long-Term Obligations			
	Total District		Total Change
	June 30,		June 30,
	2021	2020	2020-21
Revenue bonds	\$ 7,892,000	10,155,000	-22.28%
Capital loan notes	189,834	-	100.00%
Computer lease	161,450	-	100.00%
Total	<u>\$ 8,243,284</u>	<u>10,155,000</u>	<u>-18.83%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- School financing is highly dependent upon student enrollment. The District's October 2019 enrollment increased 7.26 students. This increase in enrollment will positively impact the District's funding for fiscal year 2020-21.
- The District engaged in a process to focus our vision, align strategy and drive action. The aim is to align our best leadership, time, money and energy toward activities that move our district toward health. The big initiatives that were developed are:
 - Equitable Outcomes for All Students
 - Instructional Improvement Through High Student Engagement
 - Create a Culture of Student Leadership Roles

The District has developed teams, and deliverables dates to make these initiative a reality.

- March 2020 through June 2020, the District was closed due to the COVID-19 pandemic. The District continued to pay staff contracts during the closure since funding sources were not affected. CARES (Federal) funding will be used during fiscal year 2021 for additional expenses associated with the continued education of students.
- During the fiscal year 2021, the District has started the process to refinance revenue bonds issued July 11, 2013 and October 1, 2015.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Evan Marten, District Treasurer, Secretary and Director of Finance, Charles City Community School District, 500 North Grand Avenue, Charles City, Iowa, 50616.

Basic Financial Statements

CHARLES CITY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 6,750,524	317,700	7,068,224
Receivables:			
Property tax:			
Delinquent	86,197	-	86,197
Succeeding year	8,035,433	-	8,035,433
Income surtax	626,350	-	626,350
Accounts	18,191	35,686	53,877
Due from other governments	1,196,978	44,739	1,241,717
Inventories	-	4,378	4,378
Prepays	5,400	-	5,400
Capital assets not being depreciated:			
Land	511,321	-	511,321
Capital assets, net of accumulated depreciation			
Buildings and land improvements and machinery and equipment	22,648,469	94,144	22,742,613
Total assets	39,878,863	496,647	40,375,510
Deferred Outflows of Resources			
Pension related deferred outflows	2,357,991	2,302	2,360,293
OPEB related deferred outflows	76,489	330	76,819
Total deferred inflows of resources	2,434,480	2,632	2,437,112
Liabilities			
Accounts payable	244,641	36,306	280,947
Salaries and benefits payable	1,726,934	884	1,727,818
Incurred but not reported claims	356,000	-	356,000
Accrued interest payable	21,642	-	21,642
Unearned revenue	-	40,430	40,430
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	1,015,000	-	1,015,000
Capital loan notes	44,810	-	44,810
Computer lease	34,452	-	34,452
Termination benefits payable	48,337	-	48,337
Portion due after one year:			
Revenue bonds	6,877,000	-	6,877,000
Capital loan notes	145,024	-	145,024
Computer lease	126,998	-	126,998
Termination benefits payable	174,582	-	174,582
Net pension liability	10,269,215	-	10,269,215
Total OPEB liability	851,409	3,677	855,086
Total liabilities	21,936,044	81,297	22,017,341
Deferred Inflows of Resources			
Unavailable property tax revenue	8,035,433	-	8,035,433
Pension related deferred inflows	554,824	-	554,824
OPEB related deferred inflows	40,721	175	40,896
Other	51,003	-	51,003
Total deferred inflows of resources	8,681,981	175	8,682,156
Net Position			
Net investment in capital assets	15,077,956	94,144	15,172,100
Restricted for:			
Categorical funding	655,987	-	655,987
Management levy purposes	599,876	-	599,876
Student activities	246,819	-	246,819
School infrastructure	302,014	-	302,014
Physical plant and equipment	793,007	-	793,007
Unrestricted	(5,980,341)	323,663	(5,656,678)
Total net position	\$ 11,695,318	417,807	12,113,125

SEE NOTES TO FINANCIAL STATEMENTS.

**CHARLES CITY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 7,430,185	240,624	667,472	-	(6,522,089)	-	(6,522,089)
Special	3,481,389	54,868	435,138	-	(2,991,383)	-	(2,991,383)
Other	2,669,889	185,578	798,477	-	(1,685,834)	-	(1,685,834)
	<u>13,581,463</u>	<u>481,070</u>	<u>1,901,087</u>	<u>-</u>	<u>(11,199,306)</u>	<u>-</u>	<u>(11,199,306)</u>
Support services:							
Student	789,701	-	108,424	-	(681,277)	-	(681,277)
Instructional staff	1,491,517	-	186,860	-	(1,304,657)	-	(1,304,657)
Administration	2,523,946	-	171,155	-	(2,352,791)	-	(2,352,791)
Operation and maintenance of plant	2,156,731	43,163	270,556	21,993	(1,821,019)	-	(1,821,019)
Transportation	733,506	10,947	63,455	-	(659,104)	-	(659,104)
	<u>7,695,401</u>	<u>54,110</u>	<u>800,450</u>	<u>21,993</u>	<u>(6,818,848)</u>	<u>-</u>	<u>(6,818,848)</u>
Non-instructional programs:							
Community service operations	26,671	-	-	-	(26,671)	-	(26,671)
Long-term debt interest	293,380	-	-	-	(293,380)	-	(293,380)
Other expenditures:							
AEA flowthrough	777,059	-	777,059	-	-	-	-
Depreciation (unallocated)*	2,247,963	-	-	-	(2,247,963)	-	(2,247,963)
	<u>3,025,022</u>	<u>-</u>	<u>777,059</u>	<u>-</u>	<u>(2,247,963)</u>	<u>-</u>	<u>(2,247,963)</u>
Total governmental activities	<u>24,621,937</u>	<u>535,180</u>	<u>3,478,596</u>	<u>21,993</u>	<u>(20,586,168)</u>	<u>-</u>	<u>(20,586,168)</u>
Business type activities:							
Non-instructional programs:							
Food service operations	992,423	18,914	1,110,624	-	-	137,115	137,115
Total	<u>\$ 25,614,360</u>	<u>554,094</u>	<u>4,589,220</u>	<u>21,993</u>	<u>(20,586,168)</u>	<u>137,115</u>	<u>(20,449,053)</u>
General Revenues and Transfers:							
Property tax levied for:							
General purposes					\$ 6,782,071	-	6,782,071
Capital outlay					993,591	-	993,591
Income surtax					594,348	-	594,348
Statewide sales, services and use tax					1,546,172	-	1,546,172
Unrestricted state grants					10,177,700	-	10,177,700
Unrestricted investment earnings					15,942	486	16,428
Other					49,113	200	49,313
Transfers					47,140	(47,140)	-
Total general revenues and transfers					<u>20,206,077</u>	<u>(46,454)</u>	<u>20,159,623</u>
Change in net position					(380,091)	90,661	(289,430)
Net position beginning of year					<u>12,075,409</u>	<u>327,146</u>	<u>12,402,555</u>
Net position end of year					<u>\$ 11,695,318</u>	<u>417,807</u>	<u>12,113,125</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 3,465,219	973,801	15,291	1,065,050	5,519,361
Receivables:					
Property tax:					
Delinquent	70,244	10,190	-	5,763	86,197
Succeeding year	6,629,751	1,055,683	-	349,999	8,035,433
Income surtax	521,958	104,392	-	-	626,350
Accounts	-	2,973	-	-	2,973
Due from other governments	1,067,526	129,452	-	-	1,196,978
Prepays	5,400	-	-	-	5,400
Total assets	\$ 11,760,098	2,276,491	15,291	1,420,812	15,472,692
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 222,362	21,395	-	884	244,641
Salaries and benefits payable	1,708,943	-	-	315	1,709,258
Total liabilities	1,931,305	21,395	-	1,199	1,953,899
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	6,629,751	1,055,683	-	349,999	8,035,433
Income surtax	521,958	104,392	-	-	626,350
Other	51,003	-	-	-	51,003
Total deferred inflows of resources	7,202,712	1,160,075	-	349,999	8,712,786
Fund balances:					
Nonspendable	5,400	-	-	-	5,400
Restricted for:					
Categorical funding	655,987	-	-	-	655,987
Debt service	-	-	15,291	-	15,291
Management levy purposes	-	-	-	822,795	822,795
Student activities	-	-	-	246,819	246,819
School infrastructure	-	302,014	-	-	302,014
Physical plant and equipment	-	793,007	-	-	793,007
Unassigned	1,964,694	-	-	-	1,964,694
Total fund balances	2,626,081	1,095,021	15,291	1,069,614	4,806,007
Total liabilities, deferred inflows of resources and fund balances	\$ 11,760,098	2,276,491	15,291	1,420,812	15,472,692

SEE NOTES TO FINANCIAL STATEMENTS.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total fund balances of governmental funds (page 20)		\$ 4,806,007
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		23,159,790
Accounts receivable income surtax is not available to finance expenditures of the current year and, therefore, is recognized as deferred inflows of resources in the governmental funds.		626,350
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 government funds.		(21,642)
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		872,705
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	\$ 2,434,480	
Deferred inflows of resources	<u>(595,545)</u>	1,838,935
Long-term liabilities, including revenue bonds, capital loan notes, computer lease, termination benefits, net pension liability and total OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(19,586,827)</u>
Net position of governmental activities (page 18)		<u><u>\$ 11,695,318</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 6,736,814	1,087,283	-	513,714	8,337,811
Tuition	248,750	-	-	-	248,750
Other	177,263	23,870	4,510	180,405	386,048
State sources	11,246,820	1,572,209	-	14,724	12,833,753
Federal sources	2,356,145	-	-	-	2,356,145
Total revenues	20,765,792	2,683,362	4,510	708,843	24,162,507
Expenditures:					
Current:					
Instruction:					
Regular	6,830,477	219,946	-	86,719	7,137,142
Special	3,353,135	-	-	-	3,353,135
Other	2,367,853	-	-	209,794	2,577,647
	12,551,465	219,946	-	296,513	13,067,924
Support services:					
Student	688,695	-	-	2,004	690,699
Instructional staff	1,260,180	151,949	-	2,028	1,414,157
Administration	2,283,201	3,000	73,225	17,666	2,377,092
Operation and maintenance of plant	1,717,079	97,783	-	165,273	1,980,135
Transportation	632,244	-	-	34,302	666,546
	6,581,399	252,732	73,225	221,273	7,128,629
Non-instructional programs:					
Community service operations	26,671	-	-	-	26,671
Capital outlay	-	303,976	-	-	303,976
Long-term debt:					
Principal	-	-	10,203,566	-	10,203,566
Interest and fiscal charges	-	-	367,877	-	367,877
	-	-	10,571,443	-	10,571,443
Other expenditures:					
AEA flowthrough	777,059	-	-	-	777,059
Total expenditures	19,936,594	776,654	10,644,668	517,786	31,875,702
Excess (Deficiency) of revenues over (under) expenditures	829,198	1,906,708	(10,640,158)	191,057	(7,713,195)
Other financing sources (uses):					
Insurance proceeds	34,580	-	-	-	34,580
Proceeds from the sale of equipment	1,437	-	-	-	1,437
Capital loan issuance	-	238,400	-	-	238,400
Revenue bond issuance	-	-	7,892,000	-	7,892,000
Computer lease proceeds	-	161,450	-	-	161,450
Transfer in	47,140	-	2,070,377	80,209	2,197,726
Transfer out	(80,209)	(2,070,377)	-	-	(2,150,586)
Total other financing sources (uses)	2,948	(1,670,527)	9,962,377	80,209	8,375,007
Change in fund balances	832,146	236,181	(677,781)	271,266	661,812
Fund balances beginning of year	1,793,935	858,840	693,072	798,348	4,144,195
Fund balances end of year	\$ 2,626,081	1,095,021	15,291	1,069,614	4,806,007

SEE NOTES TO FINANCIAL STATEMENTS.

CHARLES CITY 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, 2021

Change in fund balances - total governmental funds (page 22)		\$ 661,812
 <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
 Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense in the current year are as follows:		
Capital outlay	\$ 314,567	
Depreciation expense	<u>(2,493,959)</u>	(2,179,392)
 Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.		
		32,199
 The Internal Service Fund is used by management to charge the costs of the District's self-funded insurance plan to governmental funds. The change in net position of the Internal Service Fund is reported in the governmental activities.		
		(315,342)
 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. Repayments of long-term liabilities is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issues and repayments are as follows:		
Issued	(8,291,850)	
Repaid	<u>10,203,566</u>	1,911,716
 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.		
		74,497
 The current year District IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.		
		1,094,044
 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:		
Termination benefits	(199,549)	
Compensated absences	76,131	
Pension expense	(1,501,970)	
Total OPEB liability and related expenses	<u>(34,237)</u>	(1,659,625)
 Change in net position of governmental activities (page 19)		 <u>\$ (380,091)</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business Type Activities: Enterprise Funds	Governmental Activities: Internal Service Funds
	School Nutrition	
Assets		
Current assets:		
Cash and pooled investments	\$ 317,700	1,231,163
Accounts receivable	35,686	15,218
Due from other governments	44,739	-
Inventories	4,378	-
Total current assets	402,503	1,246,381
Noncurrent assets:		
Capital assets, net of accumulated depreciation	94,144	-
Total assets	496,647	1,246,381
Deferred Outflows of Resources		
Pension related deferred outflows	2,302	-
OPEB related deferred outflows	330	-
Total Deferred Outflows of Resources	2,632	-
Liabilities		
Current liabilities:		
Accounts payable	36,306	-
Salaries and benefits payable	884	17,676
Incurred but not reported claims	-	356,000
Unearned revenue	40,430	-
Total current liabilities	77,620	373,676
Noncurrent liabilities:		
Total OPEB liability	3,677	-
Total liabilities	81,297	373,676
Deferred Inflows of Resources		
OPEB related deferred inflows	175	-
Net Position		
Net investment in capital assets	94,144	-
Unrestricted	323,663	872,705
Total net position	\$ 417,807	872,705

SEE NOTES TO FINANCIAL STATEMENTS.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	Business Type Activities: Enterprise Funds	Governmental Activities: Internal Service Funds
	School Nutrition	
Operating revenues:		
Local sources:		
Charges for service	\$ 18,914	-
Miscellaneous	200	2,749,496
Total operating revenues	<u>19,114</u>	<u>2,749,496</u>
Operating expenses:		
Support Services:		
Administration:		
Services	-	3,067,972
Other	-	42
Total support services	<u>-</u>	<u>3,068,014</u>
Non-instructional programs:		
Food service operations:		
Salaries	24,842	-
Benefits	14,294	-
Services	27,623	-
Supplies	905,938	-
Depreciation	19,726	-
Total non-instructional programs	<u>992,423</u>	<u>-</u>
Total operating expenses	<u>992,423</u>	<u>3,068,014</u>
Operating loss	<u>(973,309)</u>	<u>(318,518)</u>
Non-operating revenues:		
State sources	8,364	-
Federal sources	1,102,260	-
Interest income	486	3,176
Total non-operating revenues	<u>1,111,110</u>	<u>3,176</u>
Change in net position before other financing uses	137,801	(315,342)
Other financing uses:		
Transfer out	<u>(47,140)</u>	<u>-</u>
Change in net position	90,661	(315,342)
Net position beginning of year	<u>327,146</u>	<u>1,188,047</u>
Net position end of year	<u>\$ 417,807</u>	<u>872,705</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	Business Type Activities:	
	Enterprise Funds	Governmental Activities:
	School Nutrition	Internal Service Funds
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 30,484	-
Cash received from miscellaneous	200	2,734,278
Cash payments to employees for services	(37,032)	7,860
Cash payments to suppliers for goods or services	(822,936)	(3,052,514)
Net cash used in operating activities	<u>(829,284)</u>	<u>(310,376)</u>
Cash flows from non-capital financing activities:		
Transfer to General Fund	(47,140)	-
Repayment to General Fund	(2,903)	-
State grants received	6,691	-
Federal grants received	1,040,972	-
Net cash provided by non-capital financing activities	<u>997,620</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	486	3,176
Net increase (decrease) in cash and pooled investments	168,822	(307,200)
Cash and pooled investments beginning of year	148,878	1,538,363
Cash and pooled investments end of year	<u>\$ 317,700</u>	<u>1,231,163</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (973,309)	(318,518)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Commodities consumed	72,843	-
Depreciation	19,726	-
Change in assets and liabilities:		
Inventories	5,276	-
Accounts receivable	5,690	(15,218)
Accounts payable	32,506	-
Salaries and benefits payable	884	7,860
Incurred but not reported claims	-	15,500
Deferred outflows of resources	(2,632)	-
Deferred inflows of resources	175	-
Unearned revenue	5,880	-
Total OPEB liability	3,677	-
Net cash used in operating activities	<u>\$ (829,284)</u>	<u>(310,376)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2021, the District received \$72,843 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Private Purpose Trust	
	Scholarship	Custodial
Assets		
Cash and pooled investments	\$ 218,397	27,159
Interest receivable	1,546	-
Total assets	<u>219,943</u>	<u>27,159</u>
Liabilities		
	-	-
Net Position		
Held in trust for scholarships	\$ 219,943	-
Restricted for other organizations	-	27,159
Total net position	<u>\$ 219,943</u>	<u>27,159</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021

	Private Purpose Trust	
	Scholarship	Custodial
Additions:		
Local sources:		
Gifts and contributions	\$ 2,361	-
Interest income	4,314	-
Other	-	44,422
Total additions	<u>6,675</u>	<u>44,422</u>
Deductions:		
Instruction:		
Regular:		
Scholarships awarded	7,545	-
Other	-	39,806
Total deductions	<u>7,545</u>	<u>39,806</u>
Change in net position	(870)	4,616
Net position beginning of year, as restated	<u>220,813</u>	<u>22,543</u>
Net position end of year	<u>\$ 219,943</u>	<u>27,159</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(1) Summary of Significant Accounting Policies

The Charles City Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Charles City, Floyd, Bassett, and Colwell, Iowa, and the predominately agricultural territory in a portion of Floyd and Chickasaw Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Floyd and Chickasaw County Assessors' Conference Boards.

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following nonmajor proprietary funds:

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

The Internal Service Fund is used to account for the District's self-insured employee health plan and the employee's flexible spending plan.

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 Custodial Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Custodial 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 to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

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

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

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

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

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

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

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

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

Property tax revenue receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of

Education 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 will not be recorded 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 1½% per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2020.

Due from Other Governments - Due from other governments represents the 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 governmental commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Prepays - Prepays represent costs already paid by the District but which will be recognized in the succeeding fiscal year.

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

Asset Class	Amount
Land	\$ 2,000
Buildings	2,000
Land improvements	2,000
Intangibles	125,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	5-20 years
Machinery and equipment	5-20 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments 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 related payroll taxes and benefits for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Unearned Revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Position in the Proprietary, School Nutrition Fund.

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

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

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

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

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

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

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact, expected to be converted to cash or already been spent.

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

Unassigned - All amounts not included in preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2021, expenditures exceeded the amounts budgeted in the support services and other expenditures functional areas and in total.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. At June 30, 2021, the District had no such investments.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$2,018,272
Debt Service	Capital Projects: Physical Plant and Equipment Levy	52,105
Student Activity	General	80,209
General	School Nutrition	47,140
Total		<u>\$2,197,726</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was for payment of principal and interest on the District's revenue bonded indebtedness.

The transfer from the Capital Projects: Physical Plant and Equipment Levy Fund to the Debt Service Fund was for payment of principal and interest on the District's capital loan note indebtedness.

The transfer from the General Fund to the Student Activity Fund was for lost income incurred due to the COVID-19 pandemic.

The transfer from the School Nutrition Fund to General Fund was to reimburse for indirect costs incurred during the year.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 495,801	15,520	-	511,321
Construction in progress	195,000	59,040	254,040	-
Total capital assets not being depreciated	690,801	74,560	254,040	511,321
Capital assets being depreciated:				
Buildings	30,481,061	53,781	-	30,534,842
Land improvements	2,773,571	271,502	-	3,045,073
Machinery and equipment	3,423,333	168,764	-	3,592,097
Total capital assets being depreciated	36,677,965	494,047	-	37,172,012
Less accumulated depreciation for:				
Buildings	9,457,180	2,095,710	-	11,552,890
Land improvements	138,679	152,253	-	290,932
Machinery and equipment	2,433,725	245,996	-	2,679,721
Total accumulated depreciation	12,029,584	2,493,959	-	14,523,543
Total capital assets being depreciated, net	24,648,381	(1,999,912)	-	22,648,469
Governmental activities capital assets, net	\$ 25,339,182	(1,925,352)	254,040	23,159,790
Business type activities:				
Machinery and equipment	\$ 499,011	-	4,385	494,626
Less accumulated depreciation	385,141	19,726	4,385	400,482
Business type activities capital assets, net	\$ 113,870	(19,726)	-	94,144

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 47,496
Other	4,341
Support Services:	
Student	37,492
Instructional staff	7,758
Administration	7,377
Operation and maintenance of plant	30,798
Transportation	110,734
	245,996
Unallocated depreciation	2,247,963
Total governmental activities depreciation expense	\$ 2,493,959
Business type activities:	
Food service operations	\$ 19,726

(5) Long-Term Liability

Changes in long-term liabilities for the year ended June 30, 2021 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$10,155,000	7,892,000	10,155,000	7,892,000	1,015,000
Capital loan notes	-	238,400	48,566	189,834	44,810
Computer lease	-	161,450	-	161,450	34,452
Termination benefits	23,370	212,795	13,246	222,919	48,337
Compensated absences	76,131	-	76,131	-	-
Net pension liability	8,488,061	1,781,154	-	10,269,215	-
Total OPEB liability	833,270	18,139	-	851,409	-
Total	<u>\$19,575,832</u>	<u>10,303,938</u>	<u>10,292,943</u>	<u>19,586,827</u>	<u>1,142,599</u>
Business type activities:					
Total OPEB liability	<u>\$ -</u>	<u>3,677</u>	<u>-</u>	<u>3,677</u>	<u>-</u>

Revenue Bonds

On May 11, 2021, the District issued \$7,892,000 in revenue bonds with interest rates of 1.37% and applied \$787,478 from the prior Debt Service Reserve Fund to refund the remaining \$5,470,000 of principal outstanding from the July 11, 2013 revenue bonds with interest rates ranging from 2.00-3.50% and \$3,135,000 of principal outstanding from the October 1, 2015 revenue bonds with interest rates of 2.52%. The new refunding bonds have been added to the appropriate financial statements and schedules. The net present value of savings achieved by the refunding is \$482,174.

Details of the District's June 30, 2021 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Revenue Bond Issued May 11, 2021			
	Interest Rate	Principal	Interest	Total
2022	1.37 %	\$ 1,015,000	123,137	1,138,137
2023	1.37	1,044,000	94,215	1,138,215
2024	1.37	1,059,000	79,912	1,138,912
2025	1.37	1,073,000	65,404	1,138,404
2026	1.37	1,088,000	50,704	1,138,704
2027-2029	1.37	2,613,000	61,896	2,674,896
Total		<u>\$ 7,892,000</u>	<u>475,268</u>	<u>8,367,268</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$7,892,000 of bonds issued May 11, 2021. The bonds were issued for the purpose of refunding the remaining principal outstanding from the July 11, 2013 and October 1, 2015 revenue bonds. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2029. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 74% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$8,367,268. For the current year, \$8,605,000 of revenue bonds were called as part of the refunding and the District made scheduled payments of \$945,000 in principal and \$364,338 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$1,546,172.

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

- a) The District makes monthly transfers from the Capital Projects: Statewide Sales, Services and Use Tax Fund to a revenue account that is held by the bonding agent.
- b) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- c) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Capital Loan Notes

During the year ended June 30, 2021, the District issued capital loan notes to finance the Comet Field Lighting project. Principal and interest payments will be made from the Capital Projects: Physical, Plant and Equipment Levy Fund. Details of the District's June 30, 2021 capital loan note indebtedness are as follows:

Year Ending June 30,	Capital Loan Note Issued July 13, 2020			
	Interest Rate	Principal	Interest	Total
2022	3.79 %	\$ 44,810	7,295	52,105
2023	3.79	46,532	5,573	52,105
2024	3.79	48,320	3,785	52,105
2025	3.79	50,172	1,933	52,105
Total		<u>\$ 189,834</u>	<u>18,586</u>	<u>208,420</u>

Computer Lease

In January 2021, the District entered into a lease purchase agreement with Hewlett-Packard Financial Services Company for computer. The lease is payable from the Capital Projects: Physical, Plant and Equipment Levy Fund and are payable in annual installments. Details of the District's June 30, 2021 outstanding computer lease indebtedness are as follows:

Year Ending June 30,	Computer Lease Dated January 25, 2021			
	Interest Rate	Principal	Interest	Total
2022	3.41 %	\$ 34,452	5,447	39,899
2023	3.41	35,615	4,285	39,900
2024	3.41	36,816	3,083	39,899
2025	3.41	38,058	1,841	39,899
2026	3.41	16,509	606	17,115
Total		<u>\$ 161,450</u>	<u>15,262</u>	<u>176,712</u>

Termination Benefits

During the fiscal year ended June 30, 2018, the District offered a voluntary early retirement plan to employees. Benefits equaled single health insurance premiums paid by the District for five years or until the employee reaches Medicare eligibility. Payment for insurance premiums began the year following retirement.

During the fiscal year ended June 30, 2021, the District offered a voluntary early retirement plan to employees. Eligible employees must have been at least age 55, have completed 10 years of service to the District and select one of two options to submit an application for early retirement either a year in advance of retirement or in the same year of retirement. Benefits equaled two equal installments of 25% or 50% (depending on which option the application was submitted for early retirement) of the employee salary in effect the last year of employment with the District to be placed into an employer sponsored 403(b) plan.

At June 30, 2021, the District had obligations to eight early retirement participants with a total liability of \$222,919. Actual early retirement expenditures for the year ended June 30, 2021 totaled \$13,246.

(6) Pension Plan

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

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general information 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 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 the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

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

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

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

payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2021 totaled \$1,096,346.

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the District reported a liability of \$10,269,215 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, the District's proportion was 0.146187%, which was a decrease of 0.000395% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$1,501,970. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,345	243,407
Changes of assumptions	527,115	-
Net difference between projected and actual earnings on IPERS' investments	577,293	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	148,194	311,417
District contributions subsequent to the measurement date	1,096,346	-
Total	\$ 2,360,293	554,824

\$1,096,346 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2022	\$ 102,886
2023	143,206
2024	140,787
2025	316,743
2026	5,501
Total	\$ 709,123

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	<u>100.0%</u>	

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 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%)
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District's proportionate share of the net pension liability	\$17,123,050	10,269,215	4,522,380
-------------------------------------------------------------	--------------	------------	-----------

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

Payables to IPERS - At June 30, 2021, the District reported payables to IPERS of \$90,957 for legally required District contributions and \$60,606 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(7) 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 Charles City Community School District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	15
Active employees	204
Total	219

Total OPEB Liability - The District's total OPEB liability of \$855,086 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions - The total OPEB liability in the July 1, 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	2.60% per annum.
Rates of salary increase	3.25-16.25% variable based upon years of service, including inflation.
Discount rate	2.16% compounded annually, including inflation.
Healthcare cost trend rate	6.75% for FY2021 decreasing to an ultimate rate of 4.00% in 2032.

Discount Rate - The discount rate used to measure the total OPEB liability was 2.16% 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 for pre-retirement members are from the RP-2014 Employee Mortality Table, projected generationally using MP-2017, applied on a gender specific basis. Mortality rates for post-retirement members are from the RP-2014 Healthy Annuitant Mortality Table, projected

generationally using MP-2017, applied on a gender specific basis. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 833,270
Changes for the year:	
Service cost	63,914
Interest	19,276
Differences between expected and actual experiences	(14,244)
Changes in assumptions	3,040
Benefit payments	<u>(50,170)</u>
Net changes	<u>21,816</u>
Total OPEB liability end of year	<u>\$ 855,086</u>

Changes of assumptions reflect a change in the discount rate from 2.21% in fiscal year 2020 to 2.16% in fiscal year 2021.

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 1% lower (1.16%) or 1% higher (3.16%) than the current discount rate.

	<u>1% Decrease (1.16%)</u>	<u>Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Total OPEB liability	\$ 917,358	855,086	795,880

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 1% lower (5.50%) or 1% higher (7.50%) than the current healthcare cost trend rates.

	<u>1% Decrease (5.50%)</u>	<u>Healthcare Cost Trend Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Total OPEB liability	\$ 760,394	855,086	967,768

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2021, the District recognized OPEB expense of \$87,929. At June 30, 2021, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	34,059
Changes in assumptions	<u>76,819</u>	<u>6,837</u>
Total	<u>\$ 76,819</u>	<u>40,896</u>

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

Year Ended June 30,	Amount
2022	\$ 4,739
2023	4,739
2024	4,739
2025	4,739
2026	5,412
Thereafter	<u>11,555</u>
Total	<u>\$ 35,923</u>

(8) Risk Management

The District has a self-funded health insurance plan. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 120% of estimated claims for the plan year and specific stop-loss reinsurance coverage from the excess of \$50,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three years.

Payments are made based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. At June 30, 2021, the plan balance was \$872,705. The incurred but unpaid claims liability of \$356,000 reported in the plan at June 30, 2021, is based on the requirements of GASB Statement Number 10 and is set up as a liability on the Statement of Net Position.

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$777,059 for the year ended June 30, 2021 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) 28 E Facility Shared Use Agreement with the City of Charles City

The District participates in a shared use agreement with the City of Charles City for the use of a studio facility that is located at the District's High School Building. This agreement is part of a cable franchise ordinance to provide a dedicated cable channel for full-time transmission of public educational and governmental programming as well as the creation of a community education network (PEG and CEN channels). The agreement remains in effect for any fiscal year the District accepts the subsidy from the City of Charles City for the use of the District's studio.

The following are terms agreed upon by the District and the City of Charles City concerning the use of the District's studio.

The City of Charles City shall pay the District an annual contribution, with payments due each year on the anniversary of the first payment. When the agreement was signed the first-year contribution was set at \$32,630. This contribution shall be determined on an annual basis but shall not increase by more than 5% of the prior year's contribution. The City and District agree to negotiate a reduction in or reimbursement of a portion of this fee if the School District does not

employ both a technical coordinator and technical assistant during the entire year in which contributions are made. During the year ended June 30, 2021 the District received contributions from the city of \$43,163.

The District shall provide a facility in the Charles City High School for use by the citizens of Charles City in producing programs for transmission over the PEG channel. This facility shall be open 12 months of each year during the length of the agreement. The Governing Board shall establish regular hours for use of the facility and also develop rules and regulations governing access, use, equipment, type and content of programming, and the technical training required for those who use the studio facility. The District shall also employ a qualified full-time technical assistant who supervises the use of the studio facility. The District shall also provide the services of a qualified full-time technical coordinator to supervise the technical assistant and provide assistance to the City in creation and operation of the CEN system.

(11) Categorical Funding

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

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2021.

Program	Amount
Home School Assistance Program (HSAP)	\$ 24,114
Gifted and Talented Programs	190,567
Teacher Leadership State Aid	177,356
Four-Year-Old Preschool State Aid	230
FLEXIBILITY Account Excess HSAP	37,607
FLEXIBILITY Account Excess Professional Development	132,011
Teacher Salary Supplement	49,062
Early Intervention Supplement	1,700
Textbook Aid for Nonpublic Students	2,193
Successful Progression for Early Readers	21,147
Professional Development	20,000
Total	<u>\$ 655,987</u>

(12) Tax Abatements

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

Tax Abatements of Other Entities

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

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2021 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Charles City	Urban Renewal and Economic Development Projects	\$ 124,482
City of Charles City	Chapter 404 Tax Abatement Program	63,187

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, 2021, this reimbursement amounted to \$20,775.

(13) Reconciliation of Governmental Fund Balances to Net Position

The following is the detailed reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

	Net investment in Capital Assets	Debt Service	Management Levy	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	15,291	822,795	1,964,694
Capital assets, net of accumulated depreciation	23,159,790	-	-	-
Revenue bond indebtedness	(7,892,000)	-	-	-
Capital lease capitalized indebtedness	(189,834)	-	-	-
Computer lease indebtedness	-	-	-	(161,450)
Accrued interest payable	-	(15,291)	-	(6,351)
Income surtax	-	-	-	626,350
Termination benefits	-	-	(222,919)	-
Prepays	-	-	-	5,400
Internal service fund balance	-	-	-	872,705
Pension related deferred outflows	-	-	-	2,357,991
Pension related deferred inflows	-	-	-	(554,824)
Net pension liability	-	-	-	(10,269,215)
Total OPEB liability	-	-	-	(851,409)
OPEB related deferred outflows	-	-	-	76,489
OPEB related deferred inflows	-	-	-	(40,721)
Net position (Exhibit A)	\$ 15,077,956	-	599,876	(5,980,341)

(14) Budget Overexpenditure

During the year ended June 30, 2021, expenditures in the support services and other expenditures functional areas exceeded the amounts budgeted and in total.

(15) COVID-19

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

To date, the outbreak created a disruption to the operations of the Charles City Community School District due to the closure of school buildings and the move to virtual learning to complete the 2019-2020 school year. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the Charles City Community School District's operations and finances.

(16) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement will require reporting of certain potentially significant lease liabilities that are not currently reported.

(17) Accounting Change / Restatement

Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, was implemented during 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity. Beginning net position for fiduciary funds was restated to retroactively report the change in net position, as follows:

	<u>Fiduciary Activities</u>
Net position June 30, 2020, as previously reported	\$ -
Change to implement GASBS No. 84	<u>22,543</u>
Net position July 1, 2020, as restated	<u>\$ 22,543</u>

Required Supplementary Information

CHARLES CITY 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, 2021

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 8,972,609	19,600	8,992,209	9,541,516	9,541,516	(549,307)
Intermediate sources	-	-	-	23,000	23,000	(23,000)
State sources	12,833,753	8,364	12,842,117	13,030,390	13,030,390	(188,273)
Federal sources	2,356,145	1,102,260	3,458,405	1,856,000	1,856,000	1,602,405
Total revenues	<u>24,162,507</u>	<u>1,130,224</u>	<u>25,292,731</u>	<u>24,450,906</u>	<u>24,450,906</u>	<u>841,825</u>
Expenditures/Expenses:						
Instruction	13,067,924	-	13,067,924	13,647,500	13,647,500	579,576
Support services	7,128,629	-	7,128,629	6,947,025	6,947,025	(181,604)
Non-instructional programs	26,671	992,423	1,019,094	1,076,600	1,076,600	57,506
Other expenditures	11,652,478	-	11,652,478	3,638,071	3,638,071	(8,014,407)
Total expenditures/expenses	<u>31,875,702</u>	<u>992,423</u>	<u>32,868,125</u>	<u>25,309,196</u>	<u>25,309,196</u>	<u>(7,558,929)</u>
Excess (Deficiency) of revenues over (under) expenditures/expenses	(7,713,195)	137,801	(7,575,394)	(858,290)	(858,290)	(6,717,104)
Other financing sources, net	8,375,007	(47,140)	8,327,867	2,400	2,400	8,325,467
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	661,812	90,661	752,473	(855,890)	(855,890)	1,608,363
Balances beginning of year	4,144,195	327,146	4,471,341	5,895,793	5,895,793	(1,424,452)
Balances end of year	<u>\$ 4,806,007</u>	<u>417,807</u>	<u>5,223,814</u>	<u>5,039,903</u>	<u>5,039,903</u>	<u>183,911</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2021

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Custodial 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 function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2021, expenditures in the support services and other expenditures functions exceeded the amounts budgeted and in total.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST SEVEN YEARS*
REQUIRED SUPPLEMENTARY INFORMATION

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.146187%	0.146582%	0.151786%	0.153527%	0.148409%	0.154373%	0.160140%
District's proportionate share of the net pension liability	\$ 10,269,215	8,488,061	9,605,362	10,226,811	9,339,872	7,626,771	6,350,982
District's covered payroll	\$ 11,602,458	11,156,242	11,408,622	11,470,336	10,659,339	10,575,946	10,505,084
District's proportionate share of the net pension liability as a percentage of its covered payroll	88.51%	76.08%	84.19%	89.16%	87.62%	72.11%	60.46%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 1,096,346	1,095,272	1,053,149	1,018,790	1,024,301	951,879	944,432	938,104	884,092	786,836
Contributions in relation to the statutorily required contribution	(1,096,346)	(1,095,272)	(1,053,149)	(1,018,790)	(1,024,301)	(951,879)	(944,432)	(938,104)	(884,092)	(786,836)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 11,613,835	11,602,458	11,156,242	11,408,622	11,470,336	10,659,339	10,575,946	10,505,084	10,197,140	9,750,136
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

CHARLES CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
FOR THE LAST FOUR YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2021	2020	2019	2018
Service cost	\$ 63,914	53,306	37,726	41,084
Interest cost	19,276	26,542	28,794	27,324
Differences between expected and actual experiences	(14,244)	33,974	-	-
Changes in assumptions	3,040	18,973	16,594	(12,845)
Benefit payments	(50,170)	(48,722)	(79,680)	(63,339)
Net change in total OPEB liability	21,816	84,073	3,434	(7,776)
Total OPEB liability beginning of year	833,270	749,197	745,763	753,539
Total OPEB liability end of year	<u>\$ 855,086</u>	<u>833,270</u>	<u>749,197</u>	<u>745,763</u>
Covered-employee payroll	\$ 10,200,610	10,524,088	8,595,283	8,932,541
Total OPEB liability as a percentage of covered-employee payroll	8.38%	7.92%	8.72%	8.35%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2021	2.16%
Year ended June 30, 2020	2.21%
Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Charles City Community School District

Supplementary Information

CHARLES CITY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 817,916	247,134	1,065,050
Receivables:			
Property tax:			
Delinquent	5,763	-	5,763
Succeeding year	349,999	-	349,999
Total assets	\$ 1,173,678	247,134	1,420,812
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 884	-	884
Salaries and benefits payable	-	315	315
Total liabilities	884	315	1,199
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property taxes	349,999	-	349,999
Fund balances:			
Restricted for:			
Management levy purposes	822,795	-	822,795
Student activities	-	246,819	246,819
Total fund balances	822,795	246,819	1,069,614
Total liabilities, deferred inflows of resources and fund balances	\$ 1,173,678	247,134	1,420,812

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021

	Special Revenue		
	Management Lew	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 513,714	-	513,714
Other	1,392	179,013	180,405
State sources	14,724	-	14,724
Total revenues	<u>529,830</u>	<u>179,013</u>	<u>708,843</u>
Expenditures:			
Current:			
Instruction:			
Regular	86,719	-	86,719
Other	-	209,794	209,794
Support services:			
Student	2,004	-	2,004
Instructional staff	2,028	-	2,028
Administration	15,781	1,885	17,666
Operation and maintenance of plant	162,497	2,776	165,273
Transportation	34,302	-	34,302
Total expenditures	<u>303,331</u>	<u>214,455</u>	<u>517,786</u>
Excess (deficiency) of revenues over (under) expenditures	226,499	(35,442)	191,057
Other financing sources:			
Transfer in	-	80,209	80,209
Change in fund balances	226,499	44,767	271,266
Fund balances beginning of year	<u>596,296</u>	<u>202,052</u>	<u>798,348</u>
Fund balances end of year	<u>\$ 822,795</u>	<u>246,819</u>	<u>1,069,614</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUND ACCOUNTS
 JUNE 30, 2021

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 184,088	789,713	973,801
Receivables:			
Property tax:			
Delinquent	-	10,190	10,190
Succeeding year	-	1,055,683	1,055,683
Income surtax	-	104,392	104,392
Accounts	-	2,973	2,973
Due from other governments	129,452	-	129,452
Total assets	\$ 313,540	1,962,951	2,276,491
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 11,526	9,869	21,395
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	1,055,683	1,055,683
Income surtax	-	104,392	104,392
Total deferred inflows of resources	-	1,160,075	1,160,075
Fund balances:			
Restricted for:			
School infrastructure	302,014	-	302,014
Physical plant and equipment	-	793,007	793,007
Total fund balances	302,014	793,007	1,095,021
Total liabilities, deferred inflows of resources and fund balances	\$ 313,540	1,962,951	2,276,491

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUND ACCOUNTS
 YEAR ENDED JUNE 30, 2021

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	1,087,283	1,087,283
Other	22,276	1,594	23,870
State sources	1,546,172	26,037	1,572,209
Total revenues	<u>1,568,448</u>	<u>1,114,914</u>	<u>2,683,362</u>
Expenditures:			
Current:			
Instruction:			
Regular	18,596	201,350	219,946
Support services:			
Instructional staff	-	151,949	151,949
Administration	3,000	-	3,000
Operation and maintenance of plant	61,524	36,259	97,783
Capital outlay	21,038	282,938	303,976
Total expenditures	<u>104,158</u>	<u>672,496</u>	<u>776,654</u>
Excess of revenues over expenditures	1,464,290	442,418	1,906,708
Other financing sources (uses):			
Capital loan issuance	-	238,400	238,400
Computer lease proceeds	-	161,450	161,450
Transfer out	(2,018,272)	(52,105)	(2,070,377)
Total other financing sources (uses)	<u>(2,018,272)</u>	<u>347,745</u>	<u>(1,670,527)</u>
Change in fund balances	(553,982)	790,163	236,181
Fund balances beginning of year	855,996	2,844	858,840
Fund balances end of year	<u>\$ 302,014</u>	<u>793,007</u>	<u>1,095,021</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2021

Account	Balance Beginning of Year	Revenues	Expenditures	Interfund/ Intrafund Transfer	Balance End of Year
COMET DRAMA	\$ 18,387	6,145	8,129	2,030	18,433
SPEECH CLUB	3,055	-	-	8	3,063
GENERAL VOCAL ACTIVITY	5,246	520	315	15	5,466
MARCHING BAND	7,405	1,323	951	22	7,799
JAZZ BAND	519	-	316	316	519
INSTRUMENTAL MUSIC	189	-	-	1	190
HS ORCHESTRA	3,358	185	-	9	3,552
MS BAND/ORCHESTRA	13,398	91	591	536	13,434
ATHLETIC FUND	23,582	51,419	112,405	73,743	36,339
GIRLS TRACK	122	-	108	108	122
GIRLS CROSS COUNTRY	2,424	-	41	48	2,431
BOYS CROSS COUNTRY	4,920	-	1,582	1,591	4,929
SPORTSMAN'S PARK	460	15,093	254	(450)	14,849
CONCESSION STAND	29,218	16,764	28,453	1,566	19,095
BOWLING	583	1,781	867	4	1,501
POM SQUAD	843	-	-	2	845
BOYS BASKETBALL	701	200	-	2	903
FOOTBALL	273	-	-	1	274
SOCCER	323	-	30	1	294
BASEBALL	3,213	-	-	9	3,222
BOYS TRACK	575	-	7	9	577
BOYS GOLF	2,472	-	-	7	2,479
HS WRESTLING	1,264	-	189	192	1,267
GIRLS BASKETBALL	2,900	-	-	8	2,908
VOLLEYBALL	1,189	94	498	406	1,191
SOFTBALL	395	-	-	1	396
GIRLS TENNIS	47	-	-	-	47
GIRLS GOLF	43	-	-	-	43
GIRLS SWIMMING	294	-	-	1	295
HS CHEERLEADERS	1,551	3,997	2,077	10	3,481
ANNUAL	7,157	13,896	2,989	51	18,115
ART CLUB	35	-	-	-	35
INFORMATION TECH CLUB	908	-	-	2	910
FUTURE BUSINESS LEADERS	3,740	-	-	11	3,751
FFA	40,298	59,208	49,885	139	49,760
GERMAN CLUB	2,584	-	-	7	2,591
SCHOOL IMPROVEMENT ASSISTANCE	6,006	-	1,264	1,542	6,284
CLASS OF 2021	24	995	592	1	428
CLASS OF 2022	-	3,856	919	109	3,046
CLASS OF 2020	291	-	-	(291)	-
INDUSTRIAL TECHNOLOGY	885	-	-	3	888
FCS CLUB	1,365	-	-	4	1,369
FCCLA	14	-	-	-	14
SOCIALS STUDIES TRIP	883	715	715	2	885
MS ANNUAL	4,675	1,242	1,278	13	4,652
MS STUDENT COUNCIL	4,136	-	-	11	4,147
CENTURY CLUB	102	918	-	(1,020)	-
INTEREST	-	571	-	(571)	-
Total	\$ 202,052	179,013	214,455	80,209	246,819

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2021

	Governmental Activities : Internal Service Funds		
	Self-funded Insurance	Flex	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 1,213,487	17,676	1,231,163
Accounts receivable	15,218	-	15,218
Total assets	1,228,705	17,676	1,246,381
Liabilities			
Current liabilities:			
Salaries and benefits payable	-	17,676	17,676
Incurred but not reported claims	356,000	-	356,000
Total liabilities	356,000	17,676	373,676
Net Position			
Unrestricted	\$ 872,705	-	872,705

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 YEAR ENDED JUNE 30, 2021

	Governmental Activities : Internal Service Funds		
	Self-funded Insurance	Flex	Total
Operating revenues:			
Local sources:			
Miscellaneous	\$ 2,680,193	69,303	2,749,496
Operating expenses:			
Support Services:			
Administration:			
Services	2,998,669	69,303	3,067,972
Other	42	-	42
Total operating expenses	2,998,711	69,303	3,068,014
Operating loss	(318,518)	-	(318,518)
Non-operating revenues:			
Interest income	3,176	-	3,176
Change in net position	(315,342)	-	(315,342)
Net position beginning of year	1,188,047	-	1,188,047
Net position end of year	\$ 872,705	-	872,705

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 YEAR ENDED JUNE 30, 2021

	Governmental Activities : Internal Service Funds		
	Self-funded Insurance	Flex	Total
Cash flows from operating activities:			
Cash received from miscellaneous	\$ 2,664,975	69,303	2,734,278
Cash payments to employees for services	-	7,860	7,860
Cash payments to suppliers for goods or services	(2,983,211)	(69,303)	(3,052,514)
Net cash provided by (used in) operating activities	(318,236)	7,860	(310,376)
Cash flows from investing activities:			
Interest on investments	3,176	-	3,176
Net increase (decrease) in cash and pooled investments	(315,060)	7,860	(307,200)
Cash and pooled investments beginning of year	1,528,547	9,816	1,538,363
Cash and pooled investments end of year	\$ 1,213,487	17,676	1,231,163
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (318,518)	-	(318,518)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
Accounts receivable	(15,218)	-	(15,218)
Salaries and benefits payable	-	7,860	7,860
Incurred by not reported claims	15,500	-	15,500
Net cash provided by (used in) operating activities	\$ (318,236)	7,860	(310,376)

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN PRIVATE PURPOSE TRUST FUND,
 SCHOLARSHIP ACCOUNTS
 YEAR ENDED JUNE 30, 2021

Account	Net Position Beginning of Year	Additions	Deductions	Intrafund Transfers	Net Position End of Year
Davis Scholarship	\$ 35,856	-	725	724	35,855
Debes Scholarship	25,086	-	260	564	25,390
Hagman Scholarship	15,108	-	310	336	15,134
Koenigsfeld Scholarship	3,807	-	2,500	36	1,343
Koebrick Scholarship	123,967	-	2,000	2,380	124,347
Santee Scholarship	12,213	-	250	273	12,236
Aspenwal Scholarship	3,899	-	-	-	3,899
Rodenbeck Scholarship	107	-	-	-	107
Miscellaneous Annual	770	6,675	1,500	(4,313)	1,632
Total	\$ 220,813	6,675	7,545	-	219,943

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Local sources:										
Local tax	\$ 8,337,811	7,586,810	7,361,713	7,230,815	7,279,231	7,275,287	7,026,606	6,721,863	7,551,289	7,869,789
Tuition	248,750	331,125	270,797	317,258	327,737	311,073	282,712	304,475	311,436	374,700
Other	386,048	950,011	1,030,879	1,043,235	823,131	948,535	662,158	1,005,600	671,799	713,205
Intermediate sources	-	10,743	15,207	14,744	19,371	20,213	22,582	12,009	-	-
State sources	12,833,753	12,305,871	11,795,630	11,528,381	11,597,760	11,080,298	11,198,197	11,000,033	9,382,683	9,028,850
Federal sources	2,356,145	1,044,899	1,178,032	1,112,667	950,668	956,039	726,779	657,814	665,053	685,712
Total	\$ 24,162,507	22,229,459	21,652,258	21,247,100	20,997,898	20,591,445	19,919,034	19,701,794	18,582,260	18,672,256
Expenditures:										
Instruction:										
Regular	\$ 7,137,142	6,491,862	6,894,600	6,803,190	7,071,573	6,803,086	6,770,679	6,420,359	6,272,493	6,580,888
Special	3,353,135	3,337,576	2,789,821	2,790,973	2,919,574	2,514,515	2,622,239	2,736,368	2,752,089	2,581,622
Other	2,577,647	2,652,272	2,682,455	2,699,325	2,441,761	2,352,954	2,453,768	2,485,491	2,480,387	2,492,778
Support services:										
Student	690,699	689,023	587,965	569,987	542,633	653,273	659,572	721,069	569,054	522,673
Instructional staff	1,414,157	1,123,662	1,108,550	1,189,268	1,116,179	644,299	868,333	542,806	584,254	669,982
Administration	2,377,092	2,181,958	2,083,867	2,125,022	2,032,205	1,912,393	1,834,464	1,652,714	1,659,598	1,558,923
Operation and maintenance of plant	1,980,135	1,651,869	1,673,008	1,533,002	1,486,567	1,562,812	1,516,642	1,433,184	1,222,582	1,205,821
Transportation	666,546	608,980	664,023	651,041	533,359	683,236	704,888	552,992	483,613	533,537
Non-instructional programs	26,671	50,372	63,849	45,180	37,495	11,162	10,067	9,545	8,582	7,942
Capital outlay	303,976	3,143,161	645,074	524,024	6,011,354	14,420,049	1,362,742	367,744	427,902	1,926,871
Long-term debt:										
Principal	10,203,566	1,555,000	1,530,000	1,500,000	1,475,000	1,155,000	535,000	-	-	-
Interest	367,877	307,628	336,319	363,190	388,328	354,973	253,527	122,248	-	-
Other expenditures:										
AEA flowthrough	777,059	748,589	709,247	701,365	683,563	695,554	696,517	669,154	627,053	636,252
Total	\$ 31,875,702	24,541,952	21,768,778	21,495,567	26,739,591	33,763,306	20,288,438	17,713,674	17,087,607	18,717,289

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster			
National School Lunch Program	10.555	FY 21	\$ 72,843 *
COVID-19 - National School Lunch Program	10.555	FY 21	144,282
Total National School Lunch Program			<u>217,125</u>
Summer Food Service Program for Children	10.559	FY 21	885,135
			<u>1,102,260</u>
U.S. Department of Treasury:			
Iowa Department of Education:			
Coronavirus Relief Fund	21.019	FY 21	12,542
Floyd County Social Services:			
Coronavirus Relief Fund	21.019	FY 21	7,984
			<u>20,526</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 21	417,489
Supporting Effective Instruction State Grants	84.367	FY 21	70,045
Student Support and Academic Enrichment Program	84.424	FY 21	24,960
Education Stabilization Fund:			
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	FY 21	83,058
COVID-19 Elementary and Secondary School Relief (ESSER) Funds	84.425D	FY 20	275,746
COVID-19 Elementary and Secondary School Relief (ESSER) Funds	84.425D	FY 21	948,818
Total Education Stabilization Fund			<u>1,307,622</u>
U.S. Department of Education:			
Central Rivers Area Education Agency:			
Special Education - Grants to States	84.027	FY 21	80,304
Career and Technical Education - Basic Grants to States	84.048	FY 21	28,971
State of Iowa:			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	FY 21	62,896
TOTAL			<u>\$ 3,115,073</u>

* - Includes \$72,843 of non-cash awards

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Charles City Community School District under programs of the federal government for the year ended June 30, 2021. 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 Charles City Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Charles City 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 Tribal 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 - Charles City Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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Telephone (641) 792-1910

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

To the Board of Education of Charles City Community School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Charles City Community School District, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise Charles City Community School District's basic financial statements, and have issued our report thereon dated July 22, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charles City 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 certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2021 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.

Charles City Community School District's Responses to Findings

Charles City Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Charles City 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 controls 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 Charles City 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.



NOLTE, CORNMAN & JOHNSON, P.C.

July 22, 2022
Newton, Iowa

NOLTE, CORNMAN & JOHNSON P.C.
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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Board of Education of Charles City Community School District

Report on Compliance for Each Major Federal Program

We have audited Charles City Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. Charles City 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.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Charles City Community School District complied, in all material respects, with the types of 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, 2021.

Report on Internal Control Over Compliance

The management of Charles City 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 Charles City Community School District's internal control over compliance with requirements with the type 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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Charles City Community School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Charles City Community School District's internal control over compliance.

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

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

July 22, 2022
Newton, Iowa

CHARLES CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose an audit finding which was required to be reported in accordance with the Uniform Guidance, Section 200.516(a).
- (g) Major programs were as follows:
 - Education Stabilization Fund
 - Assistance Listing Number 84.010 - Title I Grants to local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Charles City Community School District qualified as a low-risk auditee.

CHARLES CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over financial reporting were noted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-21 Certified Budget - Expenditures for the year ended June 30, 2021 exceeded the certified budget amounts in the support services and other expenditures functions and in total.

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

Response - Internal controls have been put in place to provide checks and balances of expenses and the budget so amendments can be made when necessary, these will consistently be reviewed and adapted to become better with new staff and leadership.

Conclusion - Response accepted.

- IV-B-21 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-21 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-21 Business Transactions - No business transactions between the District and District officials or employees were noted.

- IV-E-21 Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

- IV-F-21 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- IV-G-21 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. While the minutes did include the approved District depositories and their respective limits in accordance with Chapter 12C.2 of the Code of Iowa, we noted the June 30, 2021 balance of deposits on hand at one approved depository exceeded the maximum amount specified.
- Recommendation - The District should review the procedures in place and make necessary adjustments to comply with Chapter 12C.2 of the Code of Iowa.
- Response - Internal controls have been put in place to monitor maximum depository fund amounts to comply with Chapter 12C.2 of the Code of Iowa and depository amounts did increase to be compliant.
- Conclusion - Response accepted.
- IV-H-21 Certified Enrollment - We noted the basic enrollment data certified to the Iowa Department of Education was overstated by 11.3 students.
- Recommendation - The Iowa Department of Education and the Iowa Department of Management should be contacted to resolve this matter.
- Response - The District's auditor will contact the Iowa Department of Education and Iowa Department of Management to resolve this matter.
- Conclusion - Response accepted.
- IV-I-21 Supplementary Weighting - We noted no variances regarding the supplementary weighting certified to the Iowa Department of Education.
- IV-J-21 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-K-21 Certified Annual Report - The Certified Annual Report was filed with the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-L-21 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-M-21 Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2021, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 855,996
Revenues:		
Sales tax revenues	\$ 1,546,172	
Other local revenues	<u>22,276</u>	<u>1,568,448</u>
Expenditures/transfers out:		
School infrastructure construction	21,038	
Equipment	18,596	
Other	64,524	
Transfers to other funds:		
Debt service fund	<u>2,018,272</u>	<u>2,122,430</u>
Ending balance		<u>\$ 302,014</u>

For the year ended June 30, 2021 the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.