

GILBERT 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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Gilbert Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Andrew Ricklefs	President	2023
Jeff Mosiman	Vice President	2023
John Nelson	Board Member	2021
J. Tyler Holck	Board Member	2023
Deb Ordal	Board Member	2021
School Officials		
Lindsey Beecher	Superintendent	2021
Gail Hopkins	Board Secretary/Treasurer and Business Manager	2021
Ahlers & Cooney, P.C.	Attorney	2021

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of Gilbert Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Gilbert Community School District, Gilbert, 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, the business type activities, each major fund and the aggregate remaining fund information of Gilbert Community School District as of June 30, 2021, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 16 and 44 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gilbert Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2022 on our consideration of Gilbert Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Gilbert Community School District's internal control over financial reporting and compliance.

Handwritten signature in black ink, appearing to read "Nolte, Cornman & Johnson PC".

NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2022
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Gilbert 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

- General Fund revenues increased from \$18,497,967 in fiscal year 2020 to \$18,780,303 in fiscal year 2021, while General Fund expenditures increased from \$17,963,858 in fiscal year 2020 to \$18,572,882 in fiscal year 2021. The District's General Fund balance increased from \$3,648,028 at June 30, 2020 to \$3,855,449 at June 30, 2021, a 5.69% increase from the prior year.
- The increase in General Fund revenues was mostly attributable to an increase in federal and state source revenues received compared to the prior year. The increase in expenditures was due primarily to an increase in operation and maintenance of plant expenditures incurred compared to the prior year.
- The District's total net position increased from \$21,555,997 at June 30, 2020 to \$22,912,138 at June 30, 2021. Total revenues increased from \$25,112,146 in fiscal year 2020 to \$25,487,408 in fiscal year 2021, a 1.49% increase, while total expenses increased from \$22,958,477 in fiscal year 2020 to \$24,131,267 in fiscal year 2021, a 5.11% increase compared to the prior year. The increase in total revenues was primarily due to increases in revenues from operating grants, contributions and restricted interest, while the increase in total expenses occurred primarily in the other expenses function.

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 Gilbert 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 were financed in the short term as well as what remains for future spending. Fund financial statements report Gilbert 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 Gilbert 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. In addition, the Schedule of Expenditures of Federal Awards provides details 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.

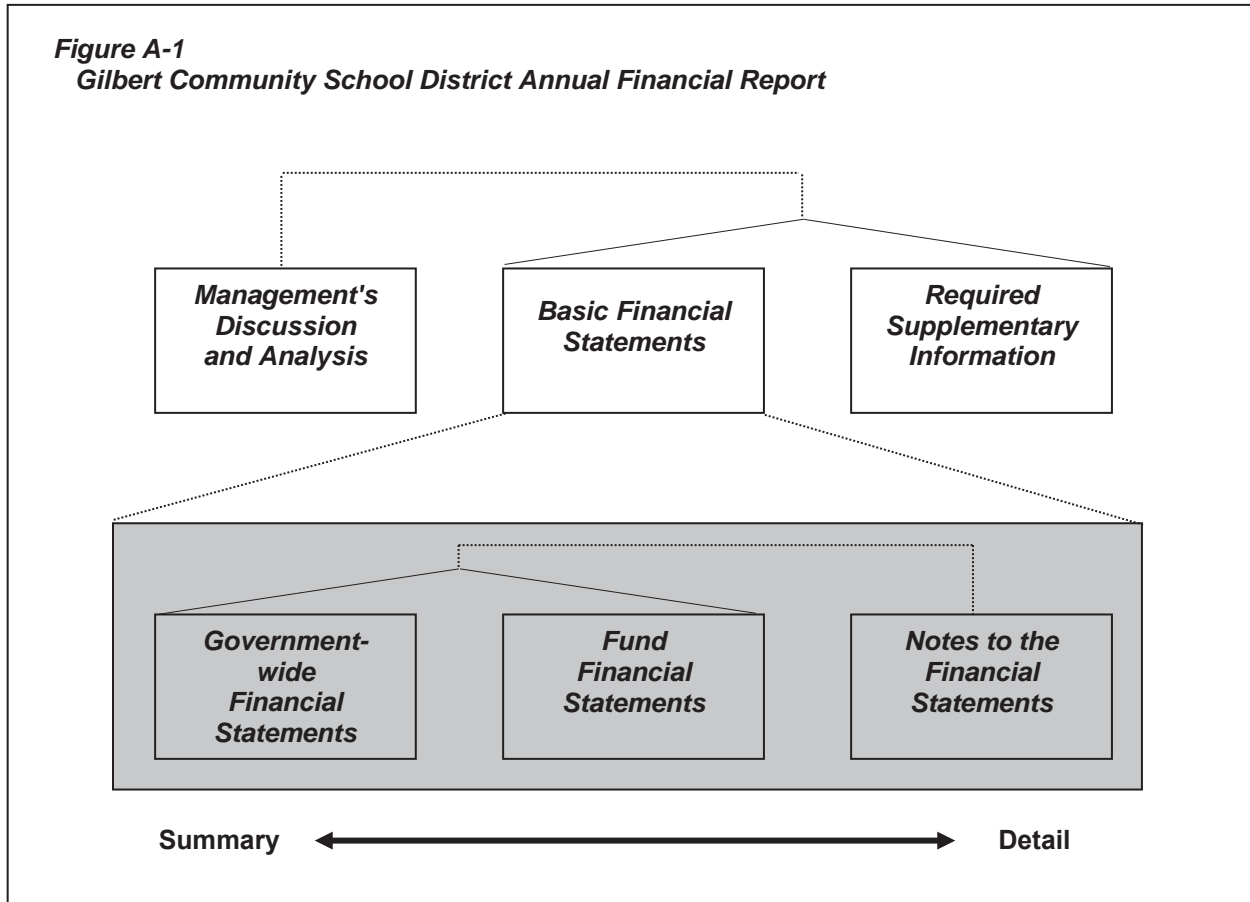


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2			
Major Features of the Government-Wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
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,
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
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
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
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
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

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 two 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 Capital Projects Fund, and the Debt Service 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 Fund, one type of proprietary fund, is the same as its business type activities, but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

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

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.

Figure A-3 Condensed Statement of Net Position							
	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	\$ 24,098,031	23,789,342	131,437	96,751	24,229,468	23,886,093	1.44%
Capital assets	52,781,662	53,531,773	115,831	140,885	52,897,493	53,672,658	-1.44%
Total assets	76,879,693	77,321,115	247,268	237,636	77,126,961	77,558,751	-0.56%
Deferred outflows of resources	2,672,967	2,455,519	59,229	57,084	2,732,196	2,512,603	8.74%
Long-term liabilities	42,799,530	43,200,120	245,423	194,169	43,044,953	43,394,289	-0.81%
Other liabilities	2,449,295	2,554,370	100,121	87,031	2,549,416	2,641,401	-3.48%
Total liabilities	45,248,825	45,754,490	345,544	281,200	45,594,369	46,035,690	-0.96%
Deferred inflows of resources	11,342,290	12,443,595	10,360	36,072	11,352,650	12,479,667	-9.03%
Net position:							
Net investment in capital assets	19,891,662	18,756,295	115,831	140,885	20,007,493	18,897,180	5.88%
Restricted	6,486,053	6,009,251	-	-	6,486,053	6,009,251	7.93%
Unrestricted	(3,416,170)	(3,186,997)	(165,238)	(163,437)	(3,581,408)	(3,350,434)	-6.89%
Total net position	\$ 22,961,545	21,578,549	(49,407)	(22,552)	22,912,138	21,555,997	6.29%

The District's total net position increased 6.29%, or \$1,356,141, from the prior year.

The largest portion of the District's net position is invested in capital assets (e.g., land, 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 subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased 7.93%, or \$476,802, from the prior year. This increase in restricted net position is mainly attributable to the increase in the amount restricted for management levy purposes 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 6.89%, or \$230,974, from the prior year. This reduction in unrestricted net position was primarily a result of the increase in the District's net pension and total OPEB liabilities.

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	\$ 1,652,190	1,844,680	108,647	401,771	1,760,837	2,246,451	-21.62%
Operating grants, contributions and restricted interest	1,796,458	1,408,207	559,803	245,198	2,356,261	1,653,405	42.51%
Capital grants, contributions and restricted interest	9,945	61,839	-	-	9,945	61,839	-83.92%
General revenues:							
Property tax	11,012,128	10,862,415	-	-	11,012,128	10,862,415	1.38%
Statewide sales, services and use tax	1,545,653	1,586,595	-	-	1,545,653	1,586,595	-2.58%
Unrestricted state grants	8,718,561	8,471,701	-	-	8,718,561	8,471,701	2.91%
Unrestricted investment earnings	42,649	132,677	499	403	43,148	133,080	-67.58%
Other	39,269	89,902	1,606	6,758	40,875	96,660	-57.71%
Total revenues	<u>24,816,853</u>	<u>24,458,016</u>	<u>670,555</u>	<u>654,130</u>	<u>25,487,408</u>	<u>25,112,146</u>	<u>1.49%</u>
Program expenses:							
Instruction	13,671,775	13,471,088	-	-	13,671,775	13,471,088	1.49%
Support services	6,077,346	5,784,625	13,917	-	6,091,263	5,784,625	5.30%
Non-instructional programs	-	-	683,493	738,286	683,493	738,286	-7.42%
Other expenses	3,684,736	2,964,478	-	-	3,684,736	2,964,478	24.30%
Total expenses	<u>23,433,857</u>	<u>22,220,191</u>	<u>697,410</u>	<u>738,286</u>	<u>24,131,267</u>	<u>22,958,477</u>	<u>5.11%</u>
Excess (Deficiency) of revenues over (under) expenses	1,382,996	2,237,825	(26,855)	(84,156)	1,356,141	2,153,669	-37.03%
Transfers	-	16,097	-	(16,097)	-	-	0.00%
Change in net position	1,382,996	2,253,922	(26,855)	(100,253)	1,356,141	2,153,669	-37.03%
Net position beginning of year	<u>21,578,549</u>	<u>19,324,627</u>	<u>(22,552)</u>	<u>77,701</u>	<u>21,555,997</u>	<u>19,402,328</u>	<u>11.10%</u>
Net position end of year	<u>\$ 22,961,545</u>	<u>21,578,549</u>	<u>(49,407)</u>	<u>(22,552)</u>	<u>22,912,138</u>	<u>21,555,997</u>	<u>6.29%</u>

In fiscal year 2021, property tax and unrestricted state grants accounted for 79.51% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 99.69% of the business type activities revenues.

The District's total revenues were approximately \$25.49 million, of which approximately \$24.82 was for governmental activities and approximately \$0.67 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.49% increase in revenues and a 5.11% increase in expenses. The increase in revenues was attributable to an increase in operating grants, contributions and restricted interest in comparison to the prior year. The increase in expenses occurred in the other expenses function compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$24,816,853 and expenses were \$23,433,857 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 and other expenses, for the year ended June 30, 2021 compared to those expenses for 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	\$ 13,671,775	13,471,088	1.49%	11,215,795	10,929,296	2.62%
Support services	6,077,346	5,784,625	5.06%	5,773,954	5,688,333	1.51%
Other expenses	3,684,736	2,964,478	24.30%	2,985,515	2,287,836	30.50%
Total	<u>\$ 23,433,857</u>	<u>22,220,191</u>	<u>5.46%</u>	<u>19,975,264</u>	<u>18,905,465</u>	<u>5.66%</u>

For the year ended June 30, 2021:

- The cost financed by users of the District's programs was \$1,652,190.
- Federal and state governments along with contributions from local sources subsidized certain programs and projects with grants and contributions totaling \$1,806,403.
- The net cost of governmental activities was financed with \$11,012,128 in property tax, \$1,545,653 in statewide sales, services and use tax, \$8,718,561 in unrestricted state grants, \$42,649 in interest income and \$39,269 in other general revenues.

Business Type Activities

Revenues of the District's business type activities during the year ended June 30, 2021 were \$670,555 and expenses were \$697,410. 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 income and other general revenues.

INDIVIDUAL FUND ANALYSIS

As previously noted, Gilbert 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 \$10,981,085, above last year's ending fund balances of \$10,472,043. The primary reason for the increase in combined fund balances is the increase in the Management Levy Fund balance compared to the prior year.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The General Fund balance increased from \$3,648,028 at June 30, 2020 to \$3,855,449 at June 30, 2021. Total revenues increased compared to 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 operation and maintenance of plant functional area.
- The Capital Projects Fund balance decreased from \$4,913,857 at June 30, 2020 to \$4,883,502 at June 30, 2021.
- The Debt Service Fund balance increased from \$974,685 at June 30, 2020 to \$994,407 at June 30, 2021.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from deficit \$22,552 at June 30, 2020 to deficit \$49,407 at June 30, 2021. Total expenses outpaced total revenues leading to the decrease in the fund balance.

BUDGETARY HIGHLIGHTS

Over the course of the year, Gilbert Community School District amended its budget one time to reflect additional expenditures in all four functional areas.

The District's revenues were \$614,522 less than budgeted revenues, a variance of 2.35%. The most significant variance resulted from the District receiving less from local sources than originally anticipated.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had invested \$52,897,493, 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 1.44% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$1,981,488.

The original cost of the District's capital assets was \$72,399,829. Governmental funds accounted for \$71,823,761, with the remainder of \$576,068 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$0 at June 30, 2021, compared to \$12,008,906 reported at June 30, 2020. The decrease was the result of completed work on elementary, intermediate, middle and high school remodel/HVAC projects.

	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	\$ 1,543,909	1,241,123	-	-	1,543,909	1,241,123	24.40%
Construction in progress	-	12,008,906	-	-	-	12,008,906	-100.00%
Buildings	49,843,878	38,844,430	-	-	49,843,878	38,844,430	28.32%
Land improvements	924,482	996,478	-	-	924,482	996,478	-7.23%
Machinery and equipment	469,393	440,836	115,831	140,885	585,224	581,721	0.60%
Total	<u>\$ 52,781,662</u>	<u>53,531,773</u>	<u>115,831</u>	<u>140,885</u>	<u>52,897,493</u>	<u>53,672,658</u>	<u>-1.44%</u>

Long-Term Debt

At June 30, 2021, the District had \$32,890,000 of total long-term debt outstanding. This represents a decrease of 6.39% from the prior year (See Figure A-7). Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District had outstanding general obligation bonded indebtedness of \$26,095,000 at June 30, 2021.

The District had outstanding revenue bonded indebtedness of \$6,795,000 at June 30, 2021, payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District.

	Figure A-7		
	Outstanding Long-Term Obligations		
	Total District		Total Change
	June 30,		June 30,
	2021	2020	2020-21
General obligation bonds	\$ 26,095,000	27,595,000	-5.44%
Revenue bonds	6,795,000	7,540,000	-9.88%
Total	<u>\$ 32,890,000</u>	<u>35,135,000</u>	<u>-6.39%</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:

- October 1, 2020 enrollment decreased (.94%), due to COVID-19 Pandemic. This is the first time enrollment decreased for many years at Gilbert CSD. The district will continue to use a flat enrollment growth for Long-Range Planning, unless the data changes.
- The \$14M GO Bond Referendum Construction Project for the renovations and safe/secure entries for the elementary and intermediate buildings, middle school and high school renovations and classroom additions, and new athletic improvements including a new baseball/softball fields and stadium complex was completed by 6/30/21.
- In FY21 the District received 2.3% supplemental state aid, an increase from 2.06% in FY20. Special Education funding continues to be insufficient to cover actual special education expenses. FY21 the district realized a (\$450,782) deficit passed onto taxpayers, this was a decrease compared to FY20 at (\$507,551). The District anticipates the special education program to continue with a deficit in FY22, due to the increase in special education needs, resulting in additional staff and tuitioning students to other districts or programs to meet their needs.
- For the start of the 2020 - 2021 school year, parents had the choice to educate their children on-site four days per week, with remote learning on Wednesdays or fully remote learning five days per week. After the Governor signed into law Senate File 160 (Five Days per Week In-Person Instruction Bill) on January 29th, the District started an onsite learning option five days per week on February 15, 2021, with every Wednesday being an early release through the end of the school year. Remote Learning continued to be an option through the end of the school year.
- As of June 30, 2021, the district had received \$335,705 in federal funds for Coronavirus Relief (ESSER, GEER, CARES). All the funds were fully expensed by the end of FY21 primarily for COVID-19 mitigation and additional staffing.

-
- The School Nutrition Fund struggled early in the fiscal year to be solvent, but with federal funding supporting free meals for all students, the School Nutrition Fund was able reimburse the General Fund for all salaries and benefits by the end of FY21 with an ending cash balance of \$28,550.

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 Gail Hopkins, Board Secretary/Treasurer and Business Manager, Gilbert Community School District, 103 Mathews Drive, Gilbert, Iowa, 50105.

BASIC FINANCIAL STATEMENTS

GILBERT COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 11,511,578	28,552	11,540,130
Receivables:			
Property tax:			
Delinquent	19,893	-	19,893
Succeeding year	10,959,129	-	10,959,129
Accounts	127,212	-	127,212
Due from other governments	714,483	67,437	781,920
Inventories	-	35,448	35,448
Prepaid expenses	765,736	-	765,736
Capital assets not being depreciated:			
Land	1,543,909	-	1,543,909
Capital assets, net of accumulated depreciation:			
Buildings and land improvements and machinery and equipment	51,237,753	115,831	51,353,584
Total assets	76,879,693	247,268	77,126,961
Deferred Outflows of Resources			
Pension related deferred outflows	2,636,739	57,857	2,694,596
OPEB related deferred outflows	36,228	1,372	37,600
Total deferred outflows of resources	2,672,967	59,229	2,732,196
Liabilities			
Accounts payable	368,994	29,324	398,318
Salaries and benefits payable	1,788,823	41,252	1,830,075
Accrued interest payable	291,478	-	291,478
Unearned revenue	-	29,545	29,545
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	1,740,000	-	1,740,000
Revenue bonds	695,000	-	695,000
Portion due after one year:			
General obligation bonds	24,355,000	-	24,355,000
Revenue bonds	6,100,000	-	6,100,000
Net pension liability	9,129,864	215,887	9,345,751
Total OPEB liability	779,666	29,536	809,202
Total liabilities	45,248,825	345,544	45,594,369
Deferred Inflows of Resources			
Unavailable property tax revenue	10,959,129	-	10,959,129
Pension related deferred inflows	291,844	6,901	298,745
OPEB related deferred inflows	91,317	3,459	94,776
Total deferred inflows of resources	11,342,290	10,360	11,352,650
Net Position			
Net investment in capital assets	19,891,662	115,831	20,007,493
Restricted for:			
Categorical funding	354,824	-	354,824
Management levy purposes	1,083,827	-	1,083,827
Student activities	163,900	-	163,900
School infrastructure	3,734,419	-	3,734,419
Physical plant and equipment	1,149,083	-	1,149,083
Unrestricted	(3,416,170)	(165,238)	(3,581,408)
Total net position	\$ 22,961,545	(49,407)	22,912,138

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges	Contributions	Contributions	Govern- mental Activities	Business Type Activities	Total
		for Service	and Restricted Interest	and Restricted Interest			
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 9,236,325	1,159,487	245,707	-	(7,831,131)	-	(7,831,131)
Special	2,174,171	313,223	237,694	-	(1,623,254)	-	(1,623,254)
Other	2,261,279	177,868	312,056	9,945	(1,761,410)	-	(1,761,410)
	<u>13,671,775</u>	<u>1,650,578</u>	<u>795,457</u>	<u>9,945</u>	<u>(11,215,795)</u>	<u>-</u>	<u>(11,215,795)</u>
Support services:							
Student	498,072	-	-	-	(498,072)	-	(498,072)
Instructional staff	676,889	-	1,282	-	(675,607)	-	(675,607)
Administration	2,156,284	-	27,270	-	(2,129,014)	-	(2,129,014)
Operation and maintenance of plant	2,099,959	-	189,554	-	(1,910,405)	-	(1,910,405)
Transportation	646,142	1,612	83,674	-	(560,856)	-	(560,856)
	<u>6,077,346</u>	<u>1,612</u>	<u>301,780</u>	<u>-</u>	<u>(5,773,954)</u>	<u>-</u>	<u>(5,773,954)</u>
Long-term debt interest	1,205,000	-	-	-	(1,205,000)	-	(1,205,000)
Other expenditures:							
AEA flowthrough	699,221	-	699,221	-	-	-	-
Depreciation (unallocated)*	1,780,515	-	-	-	(1,780,515)	-	(1,780,515)
	<u>2,479,736</u>	<u>-</u>	<u>699,221</u>	<u>-</u>	<u>(1,780,515)</u>	<u>-</u>	<u>(1,780,515)</u>
Total governmental activities	<u>23,433,857</u>	<u>1,652,190</u>	<u>1,796,458</u>	<u>9,945</u>	<u>(19,975,264)</u>	<u>-</u>	<u>(19,975,264)</u>
Business type activities:							
Support services:							
Administration	300	-	-	-	-	(300)	(300)
Operation and maintenance of plant	13,617	-	-	-	-	(13,617)	(13,617)
	<u>13,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,917)</u>	<u>(13,917)</u>
Non-instructional programs:							
Food service operations	683,493	108,647	559,803	-	-	(15,043)	(15,043)
Total business type activities	<u>697,410</u>	<u>108,647</u>	<u>559,803</u>	<u>-</u>	<u>-</u>	<u>(28,960)</u>	<u>(28,960)</u>
Total	<u>\$ 24,131,267</u>	<u>1,760,837</u>	<u>2,356,261</u>	<u>9,945</u>	<u>(19,975,264)</u>	<u>(28,960)</u>	<u>(20,004,224)</u>
General Revenues:							
Property tax levied for:							
General purposes				\$ 7,525,370	-	7,525,370	
Debt service				2,457,789	-	2,457,789	
Capital outlay				1,028,969	-	1,028,969	
Statewide sales, services and use tax				1,545,653	-	1,545,653	
Unrestricted state grants				8,718,561	-	8,718,561	
Unrestricted investment earnings				42,649	499	43,148	
Other				39,269	1,606	40,875	
Total general revenues				<u>21,358,260</u>	<u>2,105</u>	<u>21,360,365</u>	
Change in net position				1,382,996	(26,855)	1,356,141	
Net position beginning of year				21,578,549	(22,552)	21,555,997	
Net position end of year				<u>\$ 22,961,545</u>	<u>(49,407)</u>	<u>22,912,138</u>	

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

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 5,290,787	4,745,974	224,237	1,250,580	11,511,578
Receivables:					
Property tax:					
Delinquent	12,323	1,863	4,434	1,273	19,893
Succeeding year	6,615,687	1,063,733	2,579,710	699,999	10,959,129
Accounts	29,060	88,844	-	9,308	127,212
Due from other governments	585,053	129,430	-	-	714,483
Prepaid expenses	-	-	765,736	-	765,736
Total assets	\$ 12,532,910	6,029,844	3,574,117	1,961,160	24,098,031
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 272,951	82,609	-	13,434	368,994
Salaries and benefits payable	1,788,823	-	-	-	1,788,823
Total liabilities	2,061,774	82,609	-	13,434	2,157,817
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	6,615,687	1,063,733	2,579,710	699,999	10,959,129
Fund balances:					
Nonspendable	-	-	765,736	-	765,736
Restricted for:					
Categorical funding	354,824	-	-	-	354,824
Debt service	-	-	228,671	-	228,671
Management levy purposes	-	-	-	1,083,827	1,083,827
Student activities	-	-	-	163,900	163,900
School infrastructure	-	3,734,419	-	-	3,734,419
Physical plant and equipment	-	1,149,083	-	-	1,149,083
Unassigned	3,500,625	-	-	-	3,500,625
Total fund balances	3,855,449	4,883,502	994,407	1,247,727	10,981,085
Total liabilities, deferred inflows of resources and fund balances	\$ 12,532,910	6,029,844	3,574,117	1,961,160	24,098,031

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT 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) \$ 10,981,085

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 52,781,662

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. (291,478)

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	\$ 2,672,967	
Deferred inflows of resources	<u>(383,161)</u>	2,289,806

Long-term liabilities, including general obligation bonds payable, revenue bonds payable, 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. (42,799,530)

Net position of governmental activities (page 18) \$ 22,961,545

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT 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	\$ 6,815,037	1,028,969	2,457,789	710,333	11,012,128
Tuition	1,339,665	-	-	-	1,339,665
Other	292,477	36,827	643	235,368	565,315
State sources	9,597,011	1,546,177	23,090	323	11,166,601
Federal sources	733,144	-	-	-	733,144
Total revenues	<u>18,777,334</u>	<u>2,611,973</u>	<u>2,481,522</u>	<u>946,024</u>	<u>24,816,853</u>
Expenditures:					
Current:					
Instruction:					
Regular	8,830,533	62,371	-	187,159	9,080,063
Special	1,985,345	-	-	-	1,985,345
Other	1,978,198	4,745	-	227,489	2,210,432
	<u>12,794,076</u>	<u>67,116</u>	<u>-</u>	<u>414,648</u>	<u>13,275,840</u>
Support services:					
Student	455,659	-	-	-	455,659
Instructional staff	414,408	290,678	-	-	705,086
Administration	1,862,938	139,457	70,553	20,969	2,093,917
Operation and maintenance of plant	1,852,219	57,317	-	171,237	2,080,773
Transportation	494,361	147,201	-	26,916	668,478
	<u>5,079,585</u>	<u>634,653</u>	<u>70,553</u>	<u>219,122</u>	<u>6,003,913</u>
Capital outlay	-	1,289,105	-	-	1,289,105
Long-term debt:					
Principal	-	-	6,670,000	-	6,670,000
Interest and fiscal charges	-	-	1,081,099	-	1,081,099
	<u>-</u>	<u>-</u>	<u>7,751,099</u>	<u>-</u>	<u>7,751,099</u>
Other expenditures:					
AEA flowthrough	699,221	-	-	-	699,221
Total expenditures	<u>18,572,882</u>	<u>1,990,874</u>	<u>7,821,652</u>	<u>633,770</u>	<u>29,019,178</u>
Excess (Deficiency) of revenues over (under) expenditures	204,452	621,099	(5,340,130)	312,254	(4,202,325)
Other financing sources (uses):					
Insurance proceeds	-	256,019	-	-	256,019
Proceeds from the sale of equipment	2,969	-	-	-	2,969
General obligation bond proceeds	-	-	4,425,000	-	4,425,000
Premium on bond issuance	-	-	50,576	-	50,576
Discount on bond issuance	-	-	(23,197)	-	(23,197)
Transfer in	-	383,563	907,473	-	1,291,036
Transfer out	-	(1,291,036)	-	-	(1,291,036)
Total other financing sources (uses)	<u>2,969</u>	<u>(651,454)</u>	<u>5,359,852</u>	<u>-</u>	<u>4,711,367</u>
Change in fund balances	207,421	(30,355)	19,722	312,254	509,042
Fund balances beginning of year	<u>3,648,028</u>	<u>4,913,857</u>	<u>974,685</u>	<u>935,473</u>	<u>10,472,043</u>
Fund balances end of year	<u>\$ 3,855,449</u>	<u>4,883,502</u>	<u>994,407</u>	<u>1,247,727</u>	<u>10,981,085</u>

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT 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) \$ 509,042

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. 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	\$ 1,205,036	
Depreciation expense	<u>(1,955,147)</u>	(750,111)

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

Issued	(4,425,000)	
Repaid	<u>6,670,000</u>	2,245,000

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

(123,901)

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.

1,024,895

District costs associated with the total OPEB liability implicit subsidy after the measurement date but before year end.

20,037

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:

Pension expense	(1,450,959)	
Total OPEB liability and related expenses	<u>(91,007)</u>	<u>(1,541,966)</u>

Change in net position of governmental activities (page 19) \$ 1,382,996

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

	Business Type Activities:
	Enterprise Funds
	School
	Nutrition
Assets	
Current assets:	
Cash and pooled investments	\$ 28,552
Due from other governments	67,437
Inventories	35,448
Total current assets	131,437
Noncurrent assets:	
Capital assets, net of accumulated depreciation	115,831
Total assets	247,268
Deferred Outflows of Resources	
Pension related deferred outflows	57,857
OPEB related deferred outflows	1,372
Total Deferred Outflows of Resources	59,229
Liabilities	
Current liabilities:	
Accounts payable	29,324
Salaries and benefits payable	41,252
Unearned revenue	29,545
Total current liabilities	100,121
Noncurrent liabilities:	
Net pension liability	215,887
Total OPEB liability	29,536
Total noncurrent liabilities	245,423
Total liabilities	345,544
Deferred Inflows of Resources	
Pension related deferred inflows	6,901
OPEB related deferred inflows	3,459
Total Deferred Inflows of Resources	10,360
Net Position	
Net investment in capital assets	115,831
Unrestricted	(165,238)
Total net position	\$ (49,407)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities: Enterprise Funds
	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 108,647
Miscellaneous	1,606
Total operating revenues	110,253
Operating expenses:	
Support Services:	
Administration:	
Services	300
Operation and maintenance of plant:	
Services	13,617
Total support services	13,917
Non-instructional programs:	
Food service operations:	
Salaries	218,936
Benefits	98,262
Services	4,848
Supplies	335,106
Depreciation	26,341
	683,493
Total operating expenses	697,410
Operating loss	(587,157)
Non-operating revenues:	
State sources	3,532
Federal sources	556,271
Interest income	499
Total non-operating revenues	560,302
Change in net position	(26,855)
Net position beginning of year	(22,552)
Net position end of year	\$ (49,407)

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2021

	Business Type Activities: Enterprise Funds
	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 99,847
Cash received from miscellaneous	1,606
Cash payments to employees for services	(292,716)
Cash payments to suppliers for goods or services	(266,343)
Net cash used in operating activities	(457,606)
Cash flows from non-capital financing activities:	
Borrowings from General Fund	(16,097)
State grants received	2,654
Federal grants received	457,528
Net cash provided by non-capital financing activities	444,085
Cash flows from capital financing activities:	
Purchase of capital assets	(1,287)
Cash flows from investing activities:	
Interest on investments	499
Net decrease in cash and pooled investments	(14,309)
Cash and pooled investments beginning of year	42,861
Cash and pooled investments end of year	\$ 28,552
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (587,157)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	52,413
Depreciation	26,341
Change in assets and liabilities:	
Inventories	8,364
Accounts receivable	5,946
Accounts payable	26,751
Salaries and benefits payable	1,085
Net pension liability	47,388
Deferred outflows of resources	(2,145)
Deferred inflows of resources	(25,712)
Unearned revenue	(14,746)
Total OPEB liability	3,866
Net cash used in operating activities	\$ (457,606)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2021, the District received \$52,413 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(1) Summary of Significant Accounting Policies

Gilbert Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and technical and recreational courses. The geographic area served includes the City of Gilbert, Iowa and the predominate agricultural territory in Boone and Story 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 Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Gilbert 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 District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but 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 Boone and Story 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 plus unspent bond proceeds 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 Debt Service Fund accounts.

The District reports the following major governmental funds:

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

The 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 to following nonmajor proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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 amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Prepaid Expenses - Prepaid expenses represent principal and interest payments on the District's Series 2019 revenue bonds due July 1, 2021 which were remitted before year-end.

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

Capital Assets - Capital assets, which include property, machinery and equipment 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 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	\$ 5,000
Buildings	5,000
Land improvements	5,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-12 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 employer after the measurement date but before the end of the employer's reporting period.

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

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 and 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 while the portion attributable to the business type activities will be paid primarily by the Enterprise, School Nutrition 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 collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue 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 in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Deferred inflows of resources on the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and 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 intact or are not expected to be converted to cash.

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 the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The District's deposits 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 investments in the Iowa Schools Joint Investment Trust (ISJIT) Direct Government Obligation Portfolio which are valued at an amortized cost of \$2,061,139. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

(3) 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	\$ 1,241,123	302,786	-	1,543,909
Construction in progress	12,008,906	699,061	12,707,967	-
Total capital assets not being depreciated	<u>13,250,029</u>	<u>1,001,847</u>	<u>12,707,967</u>	<u>1,543,909</u>
Capital assets being depreciated:				
Buildings	50,601,650	12,707,967	-	63,309,617
Land improvements	2,096,182	-	-	2,096,182
Intangible assets	32,263	-	-	32,263
Machinery and equipment	4,638,601	203,189	-	4,841,790
Total capital assets being depreciated	<u>57,368,696</u>	<u>12,911,156</u>	<u>-</u>	<u>70,279,852</u>
Less accumulated depreciation for:				
Buildings	11,757,220	1,708,519	-	13,465,739
Land improvements	1,099,704	71,996	-	1,171,700
Intangible assets	32,263	-	-	32,263
Machinery and equipment	4,197,765	174,632	-	4,372,397
Total accumulated depreciation	<u>17,086,952</u>	<u>1,955,147</u>	<u>-</u>	<u>19,042,099</u>
Total capital assets being depreciated, net	<u>40,281,744</u>	<u>10,956,009</u>	<u>-</u>	<u>51,237,753</u>
Governmental activities capital assets, net	<u>\$ 53,531,773</u>	<u>11,957,856</u>	<u>12,707,967</u>	<u>52,781,662</u>
Business type activities:				
Machinery and equipment	\$ 574,781	1,287	-	576,068
Less accumulated depreciation	433,896	26,341	-	460,237
Business type activities capital assets, net	<u>\$ 140,885</u>	<u>(25,054)</u>	<u>-</u>	<u>115,831</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 12,834
Special	2,111
Other	8,894
Support services:	
Instructional staff	17,636
Administration	19,949
Operation and maintenance of plant	15,093
Transportation	98,115
	<u>174,632</u>
Unallocated depreciation	<u>1,780,515</u>
Total governmental activities depreciation expense	<u>\$ 1,955,147</u>
Business type activities:	
Food service operations	<u>\$ 26,341</u>

(4) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 907,473
Bond Construction	Capital Projects: Physical Plant and Equipment Levy	383,563
Total		<u>\$ 1,291,036</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Sinking Fund was needed for principal and interest payments on the District's Series 2019 revenue bonded indebtedness.

The transfer from Capital Projects: Physical Plant and Equipment Levy to the Bond Construction was to reimburse expenses incurred during the year.

(5) Long-Term Liabilities

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:					
General obligation bonds	\$27,595,000	4,425,000	5,925,000	26,095,000	1,740,000
Revenue bonds	7,540,000	-	745,000	6,795,000	695,000
Termination benefits	-	119,207	119,207	-	-
Net pension liability	7,387,499	1,742,365	-	9,129,864	-
Total OPEB liability	677,621	102,045	-	779,666	-
Total	<u>\$43,200,120</u>	<u>6,388,617</u>	<u>6,789,207</u>	<u>42,799,530</u>	<u>2,435,000</u>
Business type activities:					
Net pension liability	\$ 168,499	47,388	-	215,887	-
Total OPEB liability	25,670	3,866	-	29,536	-
Total	<u>\$ 194,169</u>	<u>51,254</u>	<u>-</u>	<u>245,423</u>	<u>-</u>

General Obligation Bonds

Details of the District's June 30, 2021 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bonds Issued October 1, 2011			Refunding Bonds Issued April 1, 2014			Bonds Issued July 24, 2018		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2022	3.00 %	\$ 170,000	274,008	2.00 %	\$ 415,000	6,250	5.00 %	\$ 100,000	348,056
2023	3.00	170,000	268,907	-	-	-	5.00	735,000	343,056
2024	3.00	280,000	263,808	-	-	-	5.00	600,000	306,306
2025	3.00	1,010,000	255,407	-	-	-	3.25	-	276,306
2026	3.00	1,040,000	225,108	-	-	-	3.25	-	258,456
2027-2031	3.20-3.55	5,745,000	603,728	-	-	-	3.25	-	1,292,280
2032-2036	-	-	-	-	-	-	3.25-3.38	4,675,000	1,142,300
2037-2038	-	-	-	-	-	-	3.38-3.50	2,930,000	146,126
Total		<u>\$ 8,415,000</u>	<u>1,890,966</u>		<u>\$ 415,000</u>	<u>6,250</u>		<u>\$ 9,040,000</u>	<u>4,112,886</u>

Year Ending June 30,	Bonds Issued Jan 23, 2019			Bonds Issued April 28, 2021			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2022	5.00 %	\$ 315,000	134,138	2.00 %	\$ 740,000	75,977	1,740,000	838,429	2,578,429
2023	5.00	125,000	118,388	2.00	200,000	54,798	1,230,000	785,149	2,015,149
2024	5.00	195,000	112,138	2.00	200,000	50,797	1,275,000	733,049	2,008,049
2025	5.00	185,000	102,387	2.00	100,000	46,798	1,295,000	680,898	1,975,898
2026	3.00	195,000	93,137	2.00	100,000	44,797	1,335,000	621,498	1,956,498
2027-2031	3.00	1,065,000	374,488	3.00	500,000	199,588	7,310,000	2,470,084	9,780,084
2032-2036	3.00-3.25	1,220,000	202,837	3.00-3.25	2,585,000	55,047	8,480,000	1,400,184	9,880,184
2037-2038	3.38	500,000	25,312	3.25-3.38	-	-	3,430,000	171,438	3,601,438
Total		\$ 3,800,000	1,162,825		\$ 4,425,000	527,802	26,095,000	7,700,729	33,795,729

Revenue Bonds

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

Year Ending June 30,	Refunding Bonds Issued December 2, 2019			
	Interest Rate	Principal	Interest	Total
2022	2.08 %	\$ 695,000	134,237	829,237
2023	2.08	709,000	119,621	828,621
2024	2.08	723,000	104,714	827,714
2025	2.08	738,000	89,505	827,505
2026	2.08	754,000	73,973	827,973
2027-2030	2.08	3,176,000	133,957	3,309,957
Total		\$ 6,795,000	656,007	7,451,007

The District has pledged future statewide sales, services and use tax revenues to repay the \$7,540,000 of bonds issued in December 2019. The bonds were issued for the purpose of refunding the remaining outstanding revenue bonds issued February 1, 2012 and July 1, 2013. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limit of the District. Annual principal and interest payments on the bonds are expected to require approximately 54% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$7,451,007. For the current year, \$745,000 in principal and \$161,873 in interest was paid on the bonds and statewide sales, services and use tax revenues were \$1,545,653.

Termination Benefits

In September 2020, the District approved a voluntary early retirement plan for employees. The plan was only offered to employees for one year with a maximum of five employees approved. Eligible employees must have completed at least twelve years of continuous service to the District and must have reached the age of fifty-five on or before June 30, 2021. The application for early retirement was subject to approval by the Board of Education.

Early retirement benefits equal to 48% of the employee's regular contracted salary from fiscal year 2021, exclusive of any extended contract, teacher salary supplement, teacher quality, overtime or other such salary or wages paid with a one-time disbursement to an employer sponsored 403(b) Special Pay Plan at year-end. The District has no further obligations as of June 30, 2021. Actual early retirement expenditures for four approved fiscal year 2021 retirees totaled \$119,207.

(6) Bond Defeasement

During the fiscal years ended June 30, 2019 and June 30, 2020, the District approved additional debt service levies to advance refund \$165,000 and \$345,000 respectively, of the general obligation bonds issued July 24, 2018 when the bonds become callable on June 1, 2025. The amount collected from the additional levies totaled \$510,000, and has been placed in an irrevocable escrow account and has been invested in U.S. Government obligations which have been certified to be sufficient to pay \$510,000 in principal maturing June 1, 2038 of the general obligation bonds issued July 24, 2018. The anticipated interest costs savings provided by the combined surplus levies is \$232,050.

As a result, \$510,000 of the general obligation bonds issued July 24, 2018 are considered defeased in substance and the corresponding liability for those bonds has been removed from the appropriate financial statements and schedules.

The District remains contingently liable in the remote possibility the escrow account is insufficient to repay the refunding bonds at the call date. At June 30, 2021 \$510,000 of such bonds are outstanding.

(7) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by 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 use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month 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. State 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 were \$1,044,639.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the District reported a liability of \$9,345,751 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 0.133041%, which was an increase of 0.002555% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$1,491,411. 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	\$ 10,324	221,518
Changes of assumptions	479,714	-
Net difference between projected and actual earnings on IPERS' investments	525,380	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	634,539	77,227
District contributions subsequent to the measurement date	1,044,639	-
Total	\$ 2,694,596	298,745

\$1,044,639 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	\$ 344,089
2023	345,408
2024	270,974
2025	370,088
2026	20,653
Total	<u>\$ 1,351,212</u>

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:

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%)
District's proportionate share of the net pension liability	\$15,583,251	9,345,751	4,115,703

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

(8) Other Postemployment Benefits (OPEB)

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

OPEB Benefits - Individuals who are employed by the 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	4
Active employees	<u>192</u>
Total	<u><u>196</u></u>

Total OPEB Liability - The District's total OPEB liability of \$809,202 at June 30, 2021 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2021 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	2.50% per annum.
Rates of salary increase	3.25% per annum, including inflation.
Discount rate	2.45% compounded annually, including inflation.
Healthcare cost trend rate	6.40% for FY2020, gradually decreasing to an ultimate rate of 4.00%.

Discount Rate - The discount rate used to measure the total OPEB liability was 2.45% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 mortality tables with projected mortality improvements based on scale MP-2017. Annual retirement probabilities are based on School assumptions for Regular Members in the June 2018 IPERS Demographic Assumptions Study.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 703,291
Changes for the year:	
Service cost	81,033
Interest	24,267
Differences between expected and actual experiences	-
Changes in assumptions	18,642
Benefit payments	<u>(18,031)</u>
Net changes	<u>105,911</u>
Total OPEB liability end of year	<u>\$ 809,202</u>

Changes of assumptions reflect a change in the discount rate from 3.13% in fiscal year 2020 to 2.45% 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 (1.45%) or 1% higher (3.45%) than the current discount rate.

	<u>1% Decrease (1.45%)</u>	<u>Discount Rate (2.45%)</u>	<u>1% Increase (3.45%)</u>
Total OPEB liability	\$ 874,677	809,202	747,422

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 (5.40%) or 1% higher (7.40%) than the current healthcare cost trend rates.

	<u>1% Decrease (5.40%)</u>	<u>Healthcare Cost Trend Rate (6.40%)</u>	<u>1% Increase (7.40%)</u>
Total OPEB liability	\$ 701,046	809,202	939,668

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2021, the District recognized OPEB expense of \$94,455. At June 30, 2021, the District reported deferred outflows of resources and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	62,081
Changes in assumptions	16,804	32,695
Contributions between measurement date and reporting date	20,796	-
Total	<u>\$ 37,600</u>	<u>94,776</u>

\$20,796 reported as deferred outflows of resources related to OPEB resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	Amount
2022	\$ (10,845)
2023	(10,845)
2024	(10,845)
2025	(10,845)
2026	(10,845)
Thereafter	<u>(23,747)</u>
Total	<u><u>\$ (77,972)</u></u>

(9) Risk Management

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.

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$699,221 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.

(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)	\$ 201,557
Teacher Leadership State Aid	33,619
Beginning Teacher Mentoring and Induction	5,737
Teacher Salary Supplement	10,671
Successful Progression for Early Readers	44,848
Professional Development	<u>58,392</u>
Total	<u><u>\$ 354,824</u></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

During fiscal year 2021, the District was not impacted by any tax abatements which meet the disclosure requirements of Governmental Accounting Standards Board Statement No. 77.

(13) Reconciliation of Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to net position is as follows:

	Net investment in Capital Assets	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	228,671	3,500,625
Capital assets, net of accumulated depreciation	52,781,662	-	-
General obligation bond capitalized indebtedness	(26,095,000)	-	-
Revenue bond capitalized indebtedness	(6,795,000)	-	-
Accrued interest payable	-	(228,671)	(62,807)
Prepaid expenses	-	-	765,736
Pension related deferred outflows	-	-	2,636,739
Pension related deferred inflows	-	-	(291,844)
Net pension liability	-	-	(9,129,864)
Total OPEB liability	-	-	(779,666)
OPEB related deferred outflows	-	-	36,228
OPEB related deferred inflows	-	-	(91,317)
Net position (Exhibit A)	<u>\$ 19,891,662</u>	<u>-</u>	<u>(3,416,170)</u>

(14) 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.

(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 Gilbert Community School District, remains uncertain.

To date, the outbreak created a disruption to the operations of the Gilbert 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 Gilbert Community School District's operations and finances.

GILBERT COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

GILBERT 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	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Funds		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 12,917,108	110,752	13,027,860	14,246,148	14,246,148	(1,218,288)
State sources	11,166,601	3,532	11,170,133	11,342,782	11,342,782	(172,649)
Federal sources	733,144	556,271	1,289,415	513,000	513,000	776,415
Total revenues	<u>24,816,853</u>	<u>670,555</u>	<u>25,487,408</u>	<u>26,101,930</u>	<u>26,101,930</u>	<u>(614,522)</u>
Expenditures/Expenses:						
Instruction	13,275,840	-	13,275,840	14,740,000	15,000,000	1,724,160
Support services	6,003,913	13,917	6,017,830	6,977,050	7,000,000	982,170
Non-instructional programs	-	683,493	683,493	836,000	900,000	216,507
Other expenditures	9,739,425	-	9,739,425	6,999,897	14,346,267	4,606,842
Total expenditures/expenses	<u>29,019,178</u>	<u>697,410</u>	<u>29,716,588</u>	<u>29,552,947</u>	<u>37,246,267</u>	<u>7,529,679</u>
Excess (Deficiency) of revenues over (under) expenditures/expenses	(4,202,325)	(26,855)	(4,229,180)	(3,451,017)	(11,144,337)	6,915,157
Other financing sources, net	<u>4,711,367</u>	-	<u>4,711,367</u>	-	-	<u>4,711,367</u>
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	509,042	(26,855)	482,187	(3,451,017)	(11,144,337)	11,626,524
Balances beginning of year	<u>10,472,043</u>	<u>(22,552)</u>	<u>10,449,491</u>	<u>9,274,643</u>	<u>9,274,643</u>	<u>1,174,848</u>
Balances end of year	<u>\$ 10,981,085</u>	<u>(49,407)</u>	<u>10,931,678</u>	<u>5,823,626</u>	<u>(1,869,694)</u>	<u>12,801,372</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT 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 comparison for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$7,693,320.

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

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.133041%	0.130486%	0.125626%	0.123554%	0.104409%	0.130878%	0.130115%
District's proportionate share of the net pension liability	\$ 9,345,751	7,555,998	7,949,901	8,230,241	6,570,771	6,465,981	5,160,235
District's covered payroll	10,558,416	9,933,144	9,441,952	9,222,539	7,492,755	8,966,294	8,514,166
District's proportionate share of the net pension liability as a percentage of its covered payroll	88.51%	76.07%	84.20%	89.24%	87.69%	72.11%	60.61%
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.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 1,044,639	996,714	937,688	843,166	823,573	669,103	800,690	760,315	681,962	581,166
Contributions in relation to the statutorily required contribution	(1,044,639)	(996,714)	(937,688)	(843,166)	(823,573)	(669,103)	(800,690)	(760,315)	(681,962)	(581,166)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 11,065,000	10,558,416	9,933,144	9,441,952	9,222,539	7,492,755	8,966,294	8,514,166	7,865,767	7,201,561
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.

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

Changes in benefit terms:

There are no significant changes in benefit terms.

Changes in assumptions:

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

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

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

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed 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.

GILBERT 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	\$ 81,033	75,752	71,808	74,064
Interest cost	24,267	28,352	25,589	19,838
Differences between expected and actual experiences	-	(77,335)	-	-
Changes in assumptions	18,642	(12,928)	(3,411)	(33,682)
Benefit payments	(18,031)	(35,991)	(31,058)	(6,063)
Net change in total OPEB liability	105,911	(22,150)	62,928	54,157
Total OPEB liability beginning of year	703,291	725,441	662,513	608,356
Total OPEB liability end of year	<u>\$ 809,202</u>	<u>703,291</u>	<u>725,441</u>	<u>662,513</u>
Covered-employee payroll	\$ 9,446,960	9,232,541	9,473,030	8,934,281
Total OPEB liability as a percentage of covered-employee payroll	8.57%	7.62%	7.66%	7.42%

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	2.45%
Year ended June 30, 2020	3.13%
Year ended June 30, 2019	3.62%
Year ended June 30, 2018	3.56%
Year ended June 30, 2017	2.92%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

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

	Special Revenue		
	Management Levy	Student Activity	Total Nonmajor
Assets			
Cash and pooled investments	\$ 1,083,205	167,375	1,250,580
Receivables:			
Property tax:			
Delinquent	1,273	-	1,273
Succeeding year	699,999	-	699,999
Accounts	-	9,308	9,308
Total assets	\$ 1,784,477	176,683	1,961,160
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 651	12,783	13,434
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property taxes	699,999	-	699,999
Fund balances:			
Restricted for:			
Management levy purposes	1,083,827	-	1,083,827
Student activities	-	163,900	163,900
Total fund balances	1,083,827	163,900	1,247,727
Total liabilities, deferred inflows of resources and fund balances	\$ 1,784,477	176,683	1,961,160

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue		Total Nonmajor
	Management Levy	Student Activity	
Revenues:			
Local sources:			
Local tax	\$ 710,333	-	710,333
Other	-	235,368	235,368
State sources	323	-	323
Total revenues	710,656	235,368	946,024
Expenditures:			
Current:			
Instruction:			
Regular	187,159	-	187,159
Other	-	227,489	227,489
Support services:			
Administration	20,969	-	20,969
Operation and maintenance of plant	171,237	-	171,237
Transportation	26,916	-	26,916
Total expenditures	406,281	227,489	633,770
Change in fund balances	304,375	7,879	312,254
Fund balances beginning of year	779,452	156,021	935,473
Fund balances end of year	\$ 1,083,827	163,900	1,247,727

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT 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	Intrafund Transfer	Balance End of Year
<u>Elementary</u>					
Elementary Health Club	\$ 4,225	2,125	2,192	-	4,158
<u>Intermediate School</u>					
Student Activity	731	110	841	-	-
<u>Middle School</u>					
MS Musical	4,231	-	-	-	4,231
MS Student Activity	2,772	151	657	-	2,266
MS Student Council	4,731	3,008	3,808	-	3,931
MS Yearbook	6,254	670	90	-	6,834
	<u>17,988</u>	<u>3,829</u>	<u>4,555</u>	<u>-</u>	<u>17,262</u>
<u>Classes</u>					
Class of 2020	566	-	566	-	-
Class of 2021	2,154	5,380	7,534	-	-
Class of 2022	-	2,140	255	-	1,885
	<u>2,720</u>	<u>7,520</u>	<u>8,355</u>	<u>-</u>	<u>1,885</u>
<u>Music</u>					
5-8 Band Resale	747		747	-	-
9-12 Band	2,466	3,379	4,518	-	1,327
6-8 Vocal	715		-	-	715
9-12 Vocal	837	2,235	1,900	-	1,172
Band/Vocal Travel	405	-	-	-	405
	<u>5,170</u>	<u>5,614</u>	<u>7,165</u>	<u>-</u>	<u>3,619</u>
<u>Miscellaneous</u>					
Athletic Boosters	-	54,865	54,865	-	-
Backpack Buddies	2,377	-	-	-	2,377
GEF	-	195	195	-	-
General Activity	9,245	540	-	-	9,785
	<u>11,622</u>	<u>55,600</u>	<u>55,060</u>	<u>-</u>	<u>12,162</u>
<u>Athletic Support</u>					
Cheer-HS Basketball	2,722	100	101	-	2,721
Cheer-HS Football	66	-	50	-	16
Cheer-HS Wrestling	496	-	70	-	426
Cheerleaders	523	-	-	-	523
FCA	2,500	-	-	-	2,500
	<u>6,307</u>	<u>100</u>	<u>221</u>	<u>-</u>	<u>6,186</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfer	Balance End of Year
<u>Athletics</u>					
Baseball	318	-	-	(318)	-
Boys' Golf	-	1,462	965	-	497
Baseball Camp	(882)	-	-	882	-
Boys Basketball Camp	5,056	-	-	-	5,056
Boy's Soccer	1,884	-	-	-	1,884
Girls' Golf	-	802	802	-	-
Cheer Camp	135	-	-	-	135
Cross Country Camp	1,408	5,154	1,150	-	5,412
Football	829	-	-	-	829
Football Camp	4,895	865	3,569	-	2,191
General Athletics	27,630	103,906	102,355	(564)	28,617
Girls Basketball Camp	492	3,067	1,128	-	2,431
Girl's Soccer	3,228	-	1,344	-	1,884
Softball Camp	245	60	82	-	223
Volleyball Camp	7,115	904	178	-	7,841
Wrestling	1,226	-	-	-	1,226
Wrestling Camp	751	718	602	-	867
	<u>54,330</u>	<u>116,938</u>	<u>112,175</u>	<u>-</u>	<u>59,093</u>
<u>HS Clubs/Organizations</u>					
After Prom	467	1,860	2,327	-	-
Agriculture Education	275	1,199	1,474	-	-
Art Club	67	-	-	-	67
DECA	-	425	425	-	-
Dance	507	2,206	670	-	2,043
Drama	-	1,282	1,282	-	-
FCCLA	1,302	1,368	1,696	-	974
FFA	11,330	22,034	16,526	-	16,838
Fine Arts Boosters	-	40	40	-	-
HS Student Activity	2,759	96	1,067	-	1,788
HS Student Council	4,633	-	938	-	3,695
Industrial Education Projects	188	1,715	1,475	-	428
Key Club	397	2,930	2,280	-	1,047
Spanish Club	2,886	-	-	-	2,886
Thespian Society	46	866	703	-	209
Yearbook	28,071	7,511	6,022	-	29,560
	<u>52,928</u>	<u>43,532</u>	<u>36,925</u>	<u>-</u>	<u>59,535</u>
Total	<u>\$ 156,021</u>	<u>235,368</u>	<u>227,489</u>	<u>-</u>	<u>163,900</u>

GILBERT 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	Bond Construction Fund	Total
Assets				
Cash and pooled investments	\$ 3,627,239	1,104,774	13,961	4,745,974
Receivables:				
Property tax:				
Delinquent	-	1,863	-	1,863
Succeeding year	-	1,063,733	-	1,063,733
Accounts	-	88,844	-	88,844
Due from other governments	129,430	-	-	129,430
Total assets	\$ 3,756,669	2,259,214	13,961	6,029,844
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	46,398	36,211	82,609
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	1,063,733	-	1,063,733
Fund balances:				
Restricted for:				
School infrastructure	3,756,669	-	-	3,756,669
Physical plant and equipment	-	1,149,083	-	1,149,083
Unassigned				
School infrastructure	-	-	(22,250)	(22,250)
Total fund balances	3,756,669	1,149,083	(22,250)	4,883,502
Total liabilities, deferred inflows of resources and fund balances	\$ 3,756,669	2,259,214	13,961	6,029,844

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Bond Construction Fund	
Revenues:				
Local sources:				
Local tax	\$ -	1,028,969	-	1,028,969
Other	-	27,120	9,707	36,827
State sources	1,545,653	524	-	1,546,177
Total revenues	<u>1,545,653</u>	<u>1,056,613</u>	<u>9,707</u>	<u>2,611,973</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	62,371	-	62,371
Other	-	4,745	-	4,745
Support services:				
Instructional staff	2,129	288,549	-	290,678
Administration	-	139,457	-	139,457
Operation and maintenance of plant	-	57,317	-	57,317
Transportation	111,621	35,580	-	147,201
Capital outlay	302,787	211,276	775,042	1,289,105
Total expenditures	<u>416,537</u>	<u>799,295</u>	<u>775,042</u>	<u>1,990,874</u>
Excess (Deficiency) of revenues over (under) expenses	1,129,116	257,318	(765,335)	621,099
Other financing sources (uses):				
Insurance proceeds	-	256,019	-	256,019
Transfer in	-	-	383,563	383,563
Transfer out	(907,473)	(383,563)	-	(1,291,036)
Total other financing sources (uses)	<u>(907,473)</u>	<u>(127,544)</u>	<u>383,563</u>	<u>(651,454)</u>
Change in fund balances	221,643	129,774	(381,772)	(30,355)
Fund balances beginning of year	<u>3,535,026</u>	<u>1,019,309</u>	<u>359,522</u>	<u>4,913,857</u>
Fund balances end of year	<u>\$ 3,756,669</u>	<u>1,149,083</u>	<u>(22,250)</u>	<u>4,883,502</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 DEBT SERVICE FUND ACCOUNTS
 YEAR ENDED JUNE 30, 2021

	Debt Service		
	Debt Service	Debt Sinking	Total
Revenues:			
Local sources:			
Local tax	\$ 2,457,789	-	2,457,789
Other	643	-	643
State sources	23,090	-	23,090
Total revenues	<u>2,481,522</u>	<u>-</u>	<u>2,481,522</u>
Expenditures:			
Current:			
Support services:			
Administration	70,553	-	70,553
Long-term debt:			
Principal	5,925,000	745,000	6,670,000
Interest and fiscal charges	918,626	162,473	1,081,099
Total expenditures	<u>6,914,179</u>	<u>907,473</u>	<u>7,821,652</u>
Excess (Deficiency) of revenues over(under) expenses	(4,432,657)	(907,473)	(5,340,130)
Other financing sources (uses):			
General obligation bond proceeds	4,425,000	-	4,425,000
Premium on bond issuance	50,576	-	50,576
Discount on bond issuance	(23,197)	-	(23,197)
Transfer in	-	907,473	907,473
Total other financing sources (uses)	<u>4,452,379</u>	<u>907,473</u>	<u>5,359,852</u>
Change in fund balances	19,722	-	19,722
Fund balances beginning of year	<u>974,685</u>	<u>-</u>	<u>974,685</u>
Fund balances end of year	<u>\$ 994,407</u>	<u>-</u>	<u>994,407</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT 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	\$ 11,012,128	10,862,415	10,158,511	9,275,768	8,780,836	7,694,989	7,069,952	6,741,390	7,912,239	8,026,253
Tuition	1,339,665	1,473,673	1,315,019	1,433,206	1,477,959	1,364,329	1,325,907	1,334,353	1,256,164	1,276,564
Other	565,315	817,697	958,303	722,911	879,526	987,657	863,692	1,229,704	865,195	868,275
State sources	11,166,601	10,942,332	10,432,078	9,796,413	9,484,303	8,900,671	8,775,107	7,868,719	6,349,315	5,922,163
Federal sources	733,144	361,899	354,751	336,014	272,367	249,270	424,416	235,610	780,272	346,652
Total	\$ 24,816,853	24,458,016	23,218,662	21,564,312	20,894,991	19,196,916	18,459,074	17,409,776	17,163,185	16,439,907
Expenditures:										
Instruction:										
Regular	\$ 9,080,063	8,808,035	8,538,499	7,974,430	7,968,003	7,429,364	6,711,513	6,781,612	6,371,385	6,027,763
Special	1,985,345	2,156,279	1,828,836	1,758,745	1,566,734	1,588,213	1,225,019	1,387,866	1,297,830	1,241,428
Other	2,210,432	2,181,527	2,116,380	2,197,416	2,320,414	1,918,459	2,193,111	2,213,468	2,022,284	2,041,010
Support services:										
Student	455,659	451,919	308,272	263,433	328,156	382,889	443,744	431,759	326,177	229,282
Instructional staff	705,086	792,762	714,203	582,375	470,670	444,596	884,626	475,453	465,600	403,903
Administration	2,093,917	2,004,565	1,759,497	1,542,907	1,554,600	1,479,463	1,491,807	1,501,623	1,377,253	1,228,173
Operation and maintenance of plant	2,080,773	1,706,523	1,577,520	1,446,429	1,404,622	1,421,340	1,212,276	1,227,890	889,921	823,255
Transportation	668,478	663,005	651,237	637,012	623,796	551,703	639,385	668,288	701,188	576,238
Non-instructional programs	-	-	-	16,670	3,145	1,120	368	1,050	1,310	-
Capital outlay	1,289,105	7,973,734	5,961,202	863,035	218,125	235,173	754,601	10,205,067	16,526,076	6,294,207
Long-term debt:										
Principal	6,670,000	10,435,000	2,060,000	2,145,000	1,725,000	1,685,000	1,685,000	6,870,000	825,000	2,405,000
Interest	1,081,099	1,225,212	1,052,190	776,175	819,586	826,077	907,978	1,010,286	847,170	615,876
Other expenditures:										
AEA flowthrough	699,221	676,642	640,009	602,792	570,309	540,175	526,962	493,400	460,602	426,301
Total	\$ 29,019,178	39,075,203	27,207,845	20,806,419	19,573,160	18,503,572	18,676,390	33,267,762	32,111,796	22,312,436

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

**GILBERT 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	\$ 52,413 *
COVID-19 - National School Lunch Program	10.555	FY 21	31,058
Summer Food Service Program for Children	10.559	FY 21	471,800
			<u>555,271</u>
U.S. Department of Treasury:			
Iowa Department of Education:			
Coronavirus Relief Fund	21.019	FY 21	14,948
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 21	32,299
Special Education - Grants to States	84.027	FY 21	28,217 **
Supporting Effective Instruction State Grants	84.367	FY 21	14,918
Student Support and Academic Enrichment Program	84.424	FY 21	10,000
Education Stabilization Fund:			
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	FY 21	3,452
COVID-19 Elementary and Secondary School Relief (ESSER) Funds	84.425D	FY 21	121,158
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	FY 21	196,147
Total Education Stabilization Fund			<u>320,757</u>
U.S. Department of Education:			
Heartland Area Education Agency:			
Special Education - Grants to States	84.027	FY 21	64,277 **
English Language Acquisition State Grants	84.365	FY 21	732
Iowa Department of Education:			
Ames Community School District:			
Career and Technical Education - Basic Grants to States	84.048	FY 21	28,204
U.S. Department of Health and Human Services:			
Iowa Department of Education:			
Assistance Programs for Chronic Disease Prevention and Control	93.945	FY 21	1,000
TOTAL			<u>\$ 1,070,623</u>

* - Includes \$52,413 of non-cash awards

** - Total of Special Education - Grants to States is \$92,494

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

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

Indirect Cost Rate - Gilbert Community School District did not elect to use a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
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 Gilbert 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, each major fund and the aggregate remaining fund information of Gilbert Community School District, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise Gilbert Community School District's basic financial statements, and have issued our report thereon dated March 24, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gilbert 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 Gilbert Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Gilbert 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-21 that we consider to be a material weakness.

Compliance and Other Matters

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

Gilbert Community School District's Responses to Findings

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

Purpose of this Report

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

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

March 24, 2022
Newton, Iowa

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

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 Gilbert Community School District:

Report on Compliance for Each Major Federal Program

We have audited Gilbert 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. Gilbert 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 Gilbert 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 Gilbert Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Gilbert 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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-21 (2021-001) we consider to be a material weakness.

Gilbert Community School District's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Gilbert Community School District's response was not subjected to the audit procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

March 24, 2022
Newton, Iowa

GILBERT 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 prepared in accordance with U.S. generally accepted accounting principles.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness 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 disclosed an audit finding which is required to be reported in accordance with the Uniform Guidance, Section 200.516(a)
- (g) Major programs were as follows:
 - Child Nutrition Cluster
 - Education Stabilization Fund
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Gilbert Community School District did not qualify as a low-risk auditee.

GILBERT 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:

II-A-21 Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody, and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the District's financial statements.

Condition - One individual has control over one or more of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Inventories - ordering, receiving, issuing and storing.
- 3) Capital assets - purchasing, recording and reconciling.
- 4) Payroll - recordkeeping, preparation.
- 5) Computer systems - performing all general accounting functions and controlling all data input and output.
- 6) Journal entries - writing, posting and approving.

Cause - The District has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect the District's ability to prevent or detect and correct misstatements, errors, or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Planned - The District will continue to look at best practices for internal controls to be used for the District. The District will utilize all office employees when possible to achieve the highest level of segregation of duties as possible.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

Child Nutrition Cluster:

AL Number 10.555: National School Lunch Program

AL Number 10.559: Summer Food Service Program for Children

Pass-Through Entity Identifying Number: FY21

Federal Award Year: 2021

U.S. Department of Agriculture

Passed through the Iowa Department of Education

Education Stabilization Fund:

AL Number 84.425C: COVID-19 Governor's Emergency Education Relief (GEER) Fund

AL Number 84.425D: COVID-19 Elementary and Secondary School Relief (ESSER)
Funds

Pass-Through Entity Identifying Number: FY21

Federal Award Year: 2021

U.S. Department of Education

Passed through the Iowa Department of Education

- III-A-21 Segregation of Duties
(2021-001) One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted one individual has control over portions of one or more of the following areas for the District relating to federal programs; cash, inventories, capital assets, payroll, computer systems and journal entries. See finding II-A-21.

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-21 Certified Budget - Expenditures for the year ended June 30, 2021 did not exceed the certified budgeted amounts.

- IV-B-21 Questionable Expenditures - We noted during our audit instances of the District paying sales tax on purchases made with District credit cards. The District is a tax-exempt entity, therefore, expenditures for sales tax would not appear to meet public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review their purchasing and reimbursing procedures currently in place and make the necessary adjustments to comply with the Attorney General's opinion dated April 25, 1979.

Response - The District understands sales tax is not an allowable expense and will continue to educate staff to ensure vendors do not charge sales tax to credit card purchases.

Conclusion - Response accepted.

- 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 - The following business transactions between the District and District employees were noted.

Name, Title and Business Connection	Transaction Description	Amount
Jon Davis, Teacher Penny Davis, Secretary Co-owners Sweet Serve Rentals LLC	Rentals	\$140
Deanna Haselhoff, Teacher Spouse owns Haselhoff Air Solutions, LLC	Services	\$3,407
Brent Randolph, Supervisor of Grounds Owner Brent's Lawn Care	Services	\$250
Amy Griffin, Principal Spouse is an Athletic Official	Officiating	\$80
Daniel Wright, Supervisor of Buildings	Supplies	\$800
Andrew Ricklefs, Board President Account Executive at Knapp-Tedesco	Insurance	Indeterminable

In accordance with an Attorney General's opinion dated July 2, 1990, the above transactions with District employees do not appear to represent a conflict of interest.

In accordance with an Attorney General's opinion dated November 9, 1976, the above transactions with the relative of a District employee do not appear to represent a conflict of interest.

In accordance with the Chapter 279.7A of the Code of Iowa, the above transactions with Board Member Ricklefs do not appear to represent a conflict of interest, as the services were publicly bid by the District and the Board Member abstained from the vote.

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 68/B 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 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. However, we noted that the District exceeded the approved maximum amount at one of the listed depositories during the year as established by Chapter 12C.2 of the Code of Iowa which states in part: "The approval of a financial institution as a depository of public funds for a public body shall be by written resolution or order that shall be entered of record in the minutes of the approving board, and that shall distinctly name each depository approved, and specify the maximum amount that may be kept on deposit in each depository."

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 - The District will monitor and review maximum limits throughout the year to ensure maximum depository limits are not exceeded and will have board approval to increase the limits if necessary.

Conclusion - Response accepted.

- IV-H-21 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-I-21 Supplementary Weighting - No variances regarding the supplementary weighting data certified to the Iowa Department of Education were noted.
- 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 investments policy were noted.
- IV-K-21 Certified Annual Report - The Certified Annual Report certified timely with the Iowa Department of Education and we noted no significant deficiencies in amounts reported.
- IV-L-21 Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- 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 following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2020 audit:

Beginning balance		\$ 3,535,026
Revenues:		
Sales tax revenues		<u>\$ 1,545,653</u>
Expenditures/transfers out:		
School infrastructure construction	302,787	
Equipment	111,860	
Other	1,890	
Transfers to other funds:		
Debt service fund	<u>907,473</u>	<u>1,324,010</u>
Ending balance		<u><u>\$ 3,756,669</u></u>

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

- IV-N-21 Inactive Student Activity Accounts - During our audit we noted Band/Vocal Trip, Boys Soccer and Spanish Club within the Student Activity Fund which had balances at year end, but no activity for over a year.

Recommendation - The District should review the Band/Vocal Trip, Boys Soccer and Spanish Club accounts to determine their status. If the District determines these accounts are inactive, the remaining balances should be reallocated within the Student Activity Fund at the discretion of the Board of Education.

Response - The District reviewed these accounts and determined they are still active, but with COVID-19 restrictions, several activities were limited during the year.

Conclusion - Response accepted.