

BETTENDORF COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

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Bettendorf Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before November 2019 Election)		
Adam Holland	President	2021
Richard Lynch	Vice President	2021
Paul Castro	Board Member	2019
Andrew Champion	Board Member	2021
Michael Pyevich	Board Member	2019
Gordon Staley	Board Member	2019
Stacey Struck	Board Member	2019
Board of Education (After November 2019 Election)		
Adam Holland	President	2021
Andrew Champion	Vice President	2021
Paul Castro	Board Member	2023
Joanna Doerder	Board Member	2023
Rebecca Eastman	Board Member	2023
Richard Lynch	Board Member	2021
Michael Pyevich	Board Member	2023
School Officials		
Mike Raso	Superintendent	2020
Jim Spelhaug	Interim Superintendent (effective March 2020)	2020
Colleen Skolrood	Board Secretary	2020
David Farmer	Board Treasurer	2020
Brietta Collier	Director of Finance	2020
Lane & Waterman LLP	Attorney	2020

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(a professional corporation)
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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

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 Bettendorf Community School District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 16 and 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bettendorf 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 four years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, including the Schedule of Expenditures of Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information, including the Schedule of Expenditures of Federal Awards, is fairly stated in all material respects in relation to the basic financial 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 January 7, 2021 on our consideration of Bettendorf 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 Bettendorf Community School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Nolte, Cornman & Johnson PC". The signature is written in a cursive, professional style.

NOLTE, CORNMAN & JOHNSON, P.C.

January 7, 2021
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2020 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$52,321,212 in fiscal year 2019 to \$50,806,385 in fiscal year 2020, while General Fund expenditures increased from \$50,683,972 in fiscal year 2019 to \$52,062,550 in fiscal year 2020. The overall result was a decrease in the District's General Fund balance from \$13,160,502 at June 30, 2019 to \$11,904,337 at June 30, 2020, a 9.54% decrease from the prior year.
- The decrease in General Fund revenues was mainly due to a decrease in local source revenue received compared to the prior year. The increase in expenditures was due primarily to increased negotiated salaries and benefits.
- The District's total net position decreased from \$65,041,907 at June 30, 2019, to \$62,166,278 at June 30, 2020. Total revenues decreased from \$62,765,558 in fiscal year 2019 to \$62,271,342 in fiscal year 2020, a 0.79% decrease, while total expenses increased from \$59,797,066 in fiscal year 2019 to \$65,146,971 in fiscal year 2020, an 8.95% increase compared to the prior year. The decrease in revenues was primarily due to a decrease in property tax revenues during the year. Expenses increased primarily due to an increase in instruction expense compared to the prior year.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Bettendorf 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 services were financed in the short term as well as what remains for future spending. Fund financial statements report Bettendorf 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 Bettendorf 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.

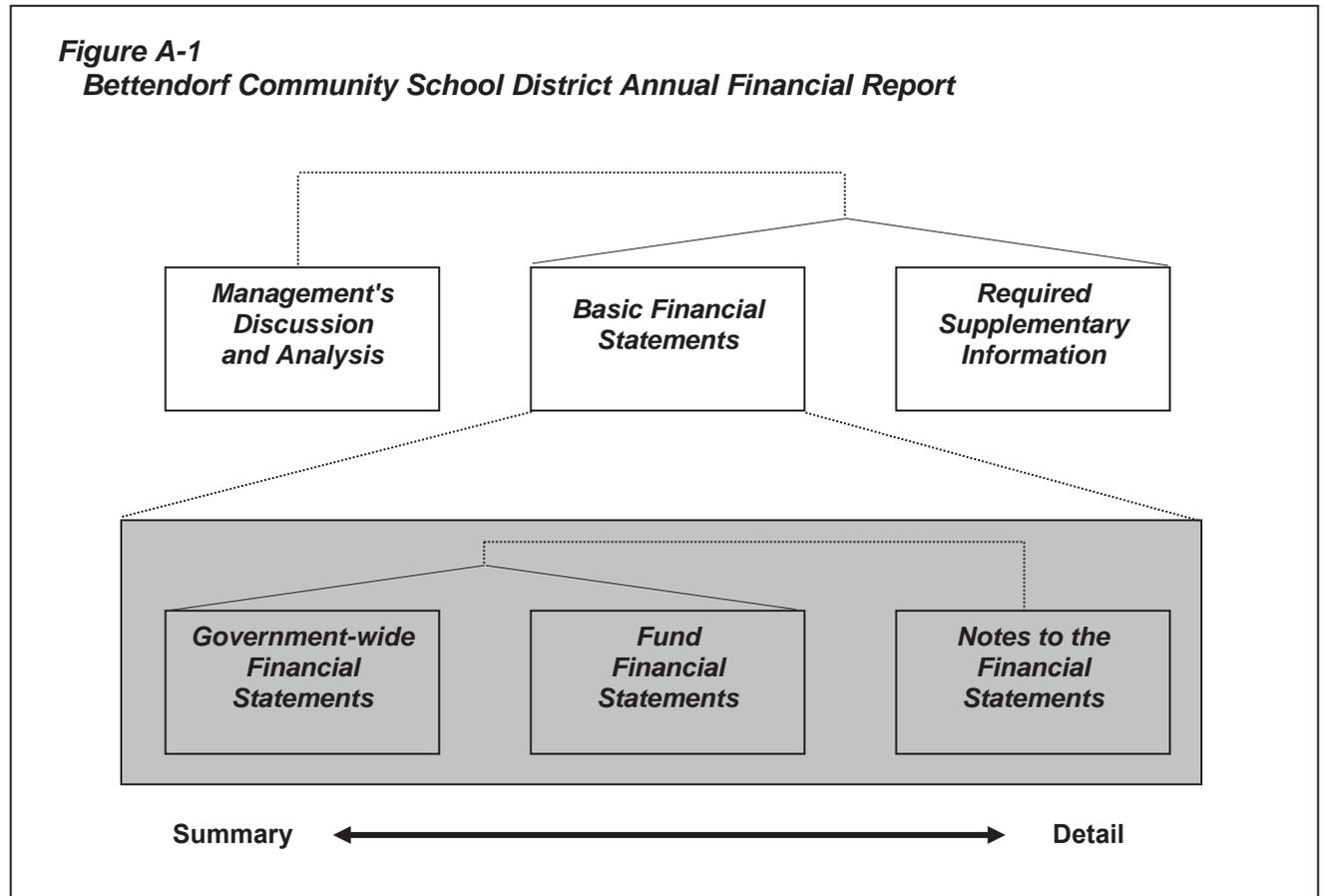


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

The District's governmental funds include the General Fund, the Special Revenue Funds, the 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 Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund. The District's Internal Service Fund, another type of proprietary fund, is the same as its governmental activities but provides more detail and additional information, such as cash flows. The Internal Service Fund is used to track the self-funded insurance of the District.

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

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. This fund is the Private Purpose Trust Fund.

Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2020 compared to June 30, 2019.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-20
Current and other assets	\$ 61,940,818	70,846,036	1,204,605	1,098,982	63,145,423	71,945,018	-12.23%
Capital assets	83,649,069	77,466,771	59,747	24,986	83,708,816	77,491,757	8.02%
Total assets	145,589,887	148,312,807	1,264,352	1,123,968	146,854,239	149,436,775	-1.73%
Deferred outflows of resources	8,698,368	6,899,755	144,719	124,129	8,843,087	7,023,884	25.90%
Long-term liabilities	58,824,107	57,977,706	534,108	518,113	59,358,215	58,495,819	1.47%
Other liabilities	9,030,414	11,058,390	117,009	53,279	9,147,423	11,111,669	-17.68%
Total liabilities	67,854,521	69,036,096	651,117	571,392	68,505,638	69,607,488	-1.58%
Deferred inflows of resources	24,942,084	21,781,507	83,326	29,757	25,025,410	21,811,264	14.74%
Net position:							
Net investment in capital assets	56,269,069	60,578,141	59,747	24,986	56,328,816	60,603,127	-7.05%
Restricted	17,566,616	13,085,145	-	-	17,566,616	13,085,145	34.25%
Unrestricted	(12,344,035)	(9,268,327)	614,881	621,962	(11,729,154)	(8,646,365)	-35.65%
Total net position	\$ 61,491,650	64,394,959	674,628	646,948	62,166,278	65,041,907	-4.42%

The District's total net position decreased by 4.42%, or \$2,875,629, from the prior year.

The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, 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 \$4,481,471, or 34.25% from the prior year. The increase was primarily the result of the increase in the amount restricted for physical plant and equipment as 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 \$3,082,789, or 35.65%. This decrease in unrestricted net position was primarily a result of the decrease in the unassigned fund balance of the General Fund.

The District's deficit unrestricted net position in the governmental activities is due to GASB Statement No. 68 net pension liability and related deferred outflow and inflow reporting requirements.

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

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2020	2019	2020	2019	2020	2019	2019-20
Revenues:							
Program revenues:							
Charges for service	\$ 6,623,782	7,222,382	656,218	854,206	7,280,000	8,076,588	-9.86%
Operating grants, contributions and restricted interest	4,578,610	4,664,186	1,259,467	1,132,218	5,838,077	5,796,404	0.72%
Capital grants, contributions and restricted interest	11,278	125,000	-	-	11,278	125,000	-90.98%
General revenues:							
Property tax	20,216,255	21,024,379	-	-	20,216,255	21,024,379	-3.84%
Statewide sales, services and use tax	4,334,436	4,206,659	-	-	4,334,436	4,206,659	3.04%
Unrestricted state grants	24,325,513	23,279,973	-	-	24,325,513	23,279,973	4.49%
Nonspecific program federal grants	17,060	14,094	-	-	17,060	14,094	21.04%
Unrestricted investment earnings	132,981	117,100	390	-	133,371	117,100	13.89%
Other	109,968	124,727	5,384	634	115,352	125,361	-7.98%
Total revenues	<u>60,349,883</u>	<u>60,778,500</u>	<u>1,921,459</u>	<u>1,987,058</u>	<u>62,271,342</u>	<u>62,765,558</u>	<u>-0.79%</u>
Program expenses:							
Instruction	40,199,791	37,061,232	-	-	40,199,791	37,061,232	8.47%
Support services	17,459,665	15,961,815	-	149	17,459,665	15,961,964	9.38%
Non-instructional programs	19,498	21,019	1,800,893	1,752,606	1,820,391	1,773,625	2.64%
Other expenses	5,667,124	5,000,245	-	-	5,667,124	5,000,245	13.34%
Total expenses	<u>63,346,078</u>	<u>58,044,311</u>	<u>1,800,893</u>	<u>1,752,755</u>	<u>65,146,971</u>	<u>59,797,066</u>	<u>8.95%</u>
Excess (Deficiency) of revenues over (under) expenses	(2,996,195)	2,734,189	120,566	234,303	(2,875,629)	2,968,492	-196.87%
Transfers	92,886	78,230	(92,886)	(78,230)	-	-	0.00%
Change in net position	(2,903,309)	2,812,419	27,680	156,073	(2,875,629)	2,968,492	-196.87%
Net position beginning of year	64,394,959	61,582,540	646,948	490,875	65,041,907	62,073,415	4.78%
Net position end of year	<u>\$ 61,491,650</u>	<u>64,394,959</u>	<u>674,628</u>	<u>646,948</u>	<u>62,166,278</u>	<u>65,041,907</u>	<u>-4.42%</u>

In fiscal year 2020, property tax and unrestricted state grants account for 73.81% of the revenue from governmental activities while charges for service and operating grants account for 99.70% of the revenue from business type activities.

The District's total revenues were approximately \$62.27 million of which approximately \$60.35 million was for governmental activities and approximately \$1.92 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.79% decrease in revenues and an 8.95% increase in expenses. The decrease in revenue was primarily due to a decrease in property tax revenue received compared to the prior year. The increase in expenses is primarily due to an increase in the instruction expenses incurred compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$60,349,883 and expenses were \$63,346,078 for the year ended June 30, 2020.

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

Figure A-5						
Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2020	2019	Change 2019-20	2020	2019	Change 2019-20
Instruction	\$ 40,199,791	37,061,232	8.47%	31,028,357	27,119,456	14.41%
Support services	17,459,665	15,961,815	9.38%	17,311,178	15,703,878	10.24%
Non-instructional programs	19,498	21,019	-7.24%	18,004	19,337	-6.89%
Other expenses	5,667,124	5,000,245	13.34%	3,774,869	3,190,072	18.33%
Total	\$ 63,346,078	58,044,311	9.13%	52,132,408	46,032,743	13.25%

For the year ended June 30, 2020:

- The cost financed by users of the District's programs was \$6,623,782.
- Federal and state governments along with contributions from local sources subsidized certain programs and projects with grants and contributions totaling \$4,589,888.
- The net cost of governmental activities was financed with \$20,216,255 in property tax, \$4,334,436 in statewide sales, services and use tax, \$24,325,513 in unrestricted state grants, \$17,060 in nonspecific program federal grants, \$132,981 in interest income, and \$109,968 in other general revenues.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2020 were \$1,921,459, representing a 3.30% decrease from the prior year, and expenses were \$1,800,893, representing a 2.75% increase from the prior year. The District's business type activities include the School Nutrition. 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, the Bettendorf 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 balance of \$28,909,344, compared to last year's ending combined fund balances of \$35,701,028. The primary reason for the decrease in combined fund balances is due to the decrease in ending fund balance of the Capital Projects Fund.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The fund balance of the General Fund decreased from \$13,160,502 at June 30, 2019 to \$11,904,337 at June 30, 2020. Decreases during the year in local source revenues resulted in a decrease in total revenues. The decrease in revenue combined with the increase in expenditures resulted in a decrease in the District's General Fund balance of 9.54%, or \$1,256,165.
- The Capital Projects Fund balance decreased from \$16,640,648 at June 30, 2019 to \$10,547,646 at June 30, 2020. Expenditures decreased compared to the prior year, primarily due to increased spending in a prior year from revenue bonds issued to finance construction projects.

-
- The Management Levy Fund balance increased from \$5,358,918 at June 30, 2019 to \$5,530,603 at June 30, 2020. Revenues increased during the year primarily due to an increase in local tax revenues. Expenditures increased from the prior year primarily due to increases in the instruction functional area. Overall, the fund balance increased by \$171,685, to a June 30, 2020 fund balance of \$5,530,603.

Proprietary Fund Highlights

The net position of the Enterprise: School Nutrition Fund increased from a net position of \$646,948 at June 30, 2019 to a net position of \$674,628 at June 30, 2020, representing an increase of 4.28%. Total expenses for the year increased while total revenues decreased as compared to the prior year. Total revenues outpaced total expenses resulting in an increase net position.

BUDGETARY HIGHLIGHTS

Over the course of the year, Bettendorf Community School District amended its budget one time to reflect coding corrections, additional staff and facility costs.

The District's revenues were \$1,387,127 less than budgeted revenues, a variance of 2.18%. The most significant variance resulted from the District receiving less from local source revenues than originally anticipated.

Total expenditures were less than budgeted, primarily due to the District's budget for the General Fund. It is the District's practice to budget expenditures using realistic projections based from prior year expenditures with a buffer built as to not exceed the annual budget. 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 ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had invested approximately \$83.71 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 8.02% from last year. More detailed information about the District's capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$3,458,334.

The original cost of the District's capital assets was \$133,579,041. Governmental activities accounted for \$133,061,385 of this total with the remainder of \$517,656 accounted for in the Enterprise, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$58,742,878 at June 30, 2020, compared to \$54,070,387 reported at June 30, 2019. This increase was the result of completion of work on a new elementary building.

Figure A-6 Capital Assets, Net of Depreciation							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-20
Land	\$ 1,102,422	1,102,422	-	-	1,102,422	1,102,422	0.00%
Construction in progress	16,775,958	14,951,315	-	-	16,775,958	14,951,315	12.20%
Buildings	58,742,878	54,070,387	-	-	58,742,878	54,070,387	8.64%
Land improvements	4,987,290	5,344,792	-	-	4,987,290	5,344,792	-6.69%
Machinery and equipment	2,040,521	1,997,855	59,747	24,986	2,100,268	2,022,841	3.83%
Total	<u>\$ 83,649,069</u>	<u>77,466,771</u>	<u>59,747</u>	<u>24,986</u>	<u>83,708,816</u>	<u>77,491,757</u>	<u>8.02%</u>

Long-Term Debt

At June 30, 2020, the District had \$27,380,000 of total long-term debt outstanding. This is unchanged compared to the prior year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District had outstanding revenue bonds of \$27,380,000 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

Figure A-7 Outstanding Long-Term Obligations			
	Total District		Total Change
	June 30,		June 30,
	2020	2019	2019-20
Revenue bonds	<u>\$ 27,380,000</u>	<u>27,380,000</u>	<u>0.00%</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:

- The Iowa Legislature set Supplemental State Aid (SSA) at 2.3% for the 2020-2021 fiscal year. The District will continue to monitor the state of projected funding and adjust spending plans and projections accordingly.
- The District's Certified Enrollment is 4,171 for the 2020-2021 fiscal year and 4,071 for the 2021-2022 fiscal year. This is a decrease of 14.3 students in 2020-2021 and a decrease of 100 students in 2021-2022. The District is not a "growing" district and will continue to monitor staffing and spending accordingly.
- Unless SSA is set at a rate above 3.52% for the 2021-2022 school year, the District will be on Budget Guarantee. The Budget Guarantee equates to a 1% increase in State revenues.
- The arrival of the Coronavirus in the United States in January of 2020 forced school closures in March of 2020. Like many businesses and government entities, the District has shifted resources in order to continue providing services during the pandemic. This causes a strain on resources and requires the District to allocate additional funds for items such as technology, student access to the internet, staff and student protective equipment and cleaning supplies.

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 Brietta Collier, Director of Finance, Bettendorf Community School District, 3311 18th St., Bettendorf, IA 52722.

Basic Financial Statements

BETTENDORF COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 37,605,241	1,162,788	38,768,029
Receivables:			
Property tax:			
Delinquent	138,768	-	138,768
Succeeding year	20,123,691	-	20,123,691
Accounts	55,428	1,211	56,639
Internal balances	92,886	(92,886)	-
Due from other governments	3,552,472	97,103	3,649,575
Inventories	-	36,389	36,389
Prepaid expenses	372,332	-	372,332
Capital assets not being depreciated:			
Land and construction in progress	17,878,380	-	17,878,380
Capital assets, net of accumulated depreciation			
Buildings and land improvements and machinery and equipment	65,770,689	59,747	65,830,436
Total assets	145,589,887	1,264,352	146,854,239
Deferred Outflows of Resources			
Pension related deferred outflows	5,868,455	105,410	5,973,865
OPEB related deferred outflows	2,829,913	39,309	2,869,222
Total Deferred Outflows of Resources	8,698,368	144,719	8,843,087
Liabilities			
Accounts payable	1,394,107	34,780	1,428,887
Salaries and benefits payable	6,032,200	14,191	6,046,391
Deposits payable	1,776	-	1,776
Advances from grantors	236,067	-	236,067
Incurred but not reported claims	994,038	-	994,038
Accrued interest payable	372,226	-	372,226
Unearned revenue	-	68,038	68,038
Long-term liabilities:			
Portion due within one year:			
Termination benefits payable	100,200	-	100,200
Compensated absences	359,765	4,140	363,905
Portion due after one year:			
Revenue bonds	27,380,000	-	27,380,000
Termination benefits payable	214,200	-	214,200
Net pension liability	23,102,109	423,460	23,525,569
Total OPEB liability	7,667,833	106,508	7,774,341
Total liabilities	67,854,521	651,117	68,505,638
Deferred Inflows of Resources			
Unavailable property tax revenue	20,123,691	-	20,123,691
Pension related deferred inflows	3,693,432	67,700	3,761,132
OPEB related deferred inflows	1,124,961	15,626	1,140,587
Total deferred inflows of resources	24,942,084	83,326	25,025,410
Net Position			
Net investment in capital assets	56,269,069	59,747	56,328,816
Restricted for:			
Categorical funding	1,248,235	-	1,248,235
Debt service	925	-	925
Management levy purposes	5,216,203	-	5,216,203
Student activities	553,607	-	553,607
School infrastructure	6,246,579	-	6,246,579
Physical plant and equipment	4,301,067	-	4,301,067
Unrestricted	(12,344,035)	614,881	(11,729,154)
Total net position	\$ 61,491,650	674,628	62,166,278

SEE NOTES TO FINANCIAL STATEMENTS.

**BETTENDORF COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 25,536,661	4,580,964	448,612	-	(20,507,085)	-	(20,507,085)
Special	8,045,366	1,117,000	697,536	-	(6,230,830)	-	(6,230,830)
Other	6,617,764	882,940	1,444,382	-	(4,290,442)	-	(4,290,442)
	40,199,791	6,580,904	2,590,530	-	(31,028,357)	-	(31,028,357)
Support services:							
Student	2,294,053	-	1,606	-	(2,292,447)	-	(2,292,447)
Instructional staff	1,131,633	-	29,066	-	(1,102,567)	-	(1,102,567)
Administration	7,214,605	-	12,538	-	(7,202,067)	-	(7,202,067)
Operation and maintenance of plant	5,581,293	-	10,302	11,278	(5,559,713)	-	(5,559,713)
Transportation	1,238,081	42,878	40,819	-	(1,154,384)	-	(1,154,384)
	17,459,665	42,878	94,331	11,278	(17,311,178)	-	(17,311,178)
Non-instructional programs:							
Food service operations	17,786	-	-	-	(17,786)	-	(17,786)
Community service operations	1,712	-	1,494	-	(218)	-	(218)
	19,498	-	1,494	-	(18,004)	-	(18,004)
Long-term debt interest	761,994	-	-	-	(761,994)	-	(761,994)
Other expenditures:							
AEA flowthrough	1,892,255	-	1,892,255	-	-	-	-
Depreciation (unallocated)*	3,012,875	-	-	-	(3,012,875)	-	(3,012,875)
	4,905,130	-	1,892,255	-	(3,012,875)	-	(3,012,875)
Total governmental activities	63,346,078	6,623,782	4,578,610	11,278	(52,132,408)	-	(52,132,408)
Business type activities:							
Non-instructional programs:							
Food service operations	1,800,893	656,218	1,259,467	-	-	114,792	114,792
Total	\$ 65,146,971	7,280,000	5,838,077	11,278	(52,132,408)	114,792	(52,017,616)
General Revenues and Transfers:							
Property tax levied for:							
General purposes				\$ 17,548,767	-	17,548,767	
Capital outlay				2,667,488	-	2,667,488	
Statewide sales, services and use tax				4,334,436	-	4,334,436	
Unrestricted state grants				24,325,513	-	24,325,513	
Nonspecific program federal revenues				17,060	-	17,060	
Unrestricted investment earnings				132,981	390	133,371	
Other				109,968	5,384	115,352	
Transfers				92,886	(92,886)	-	
Total general revenues and transfers				49,229,099	(87,112)	49,141,987	
Change in net position				(2,903,309)	27,680	(2,875,629)	
Net position beginning of year				64,394,959	646,948	65,041,907	
Net position end of year				\$ 61,491,650	674,628	62,166,278	

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

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Capital Projects	Management Levy	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 15,319,603	10,733,449	5,518,802	555,125	32,126,979
Receivables:					
Property tax:					
Delinquent	111,027	17,828	9,913	-	138,768
Succeeding year	16,213,690	2,710,005	1,199,996	-	20,123,691
Accounts	30,127	16,732	2,104	6,462	55,425
Due from other funds	93,282	-	-	-	93,282
Due from other governments	3,187,156	365,316	-	-	3,552,472
Prepaid expenses	106	-	-	372,226	372,332
Total assets	\$ 34,954,991	13,843,330	6,730,815	933,813	56,462,949
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Due to other funds	\$ -	396	-	-	396
Accounts payable	566,921	585,283	216	7,055	1,159,475
Salaries and benefits payable	6,032,200	-	-	-	6,032,200
Deposits payable	1,776	-	-	-	1,776
Advances from grantors	236,067	-	-	-	236,067
Total liabilities	6,836,964	585,679	216	7,055	7,429,914
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	16,213,690	2,710,005	1,199,996	-	20,123,691
Fund balances:					
Nonspendable	106	-	-	372,226	372,332
Restricted for:					
Categorical funding	1,248,235	-	-	-	1,248,235
Debt service	-	-	-	925	925
Management levy purposes	-	-	5,530,603	-	5,530,603
Student activities	-	-	-	553,607	553,607
School infrastructure	-	6,246,579	-	-	6,246,579
Physical plant and equipment	-	4,301,067	-	-	4,301,067
Unassigned	10,655,996	-	-	-	10,655,996
Total fund balances	11,904,337	10,547,646	5,530,603	926,758	28,909,344
Total liabilities, deferred inflows of resources and fund balances	\$ 34,954,991	13,843,330	6,730,815	933,813	56,462,949

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2020

Total fund balances of governmental funds (page 20)	\$	28,909,344
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		83,649,069
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.		(372,226)
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		4,249,595
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	\$ 8,698,368	
Deferred inflows of resources	<u>(4,818,393)</u>	3,879,975
Long-term liabilities, including revenue bonds, termination benefits, compensated absences 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.		<u>(58,824,107)</u>
 Net position of governmental activities (page 18)	 \$	 <u><u>61,491,650</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	General	Capital Projects	Management Levy	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 15,987,865	2,667,488	1,560,902	-	20,216,255
Tuition	5,334,947	-	-	-	5,334,947
Other	710,632	95,815	25,046	875,971	1,707,464
State sources	27,165,667	4,384,499	26,663	-	31,576,829
Federal sources	1,514,388	-	-	-	1,514,388
Total revenues	<u>50,713,499</u>	<u>7,147,802</u>	<u>1,612,611</u>	<u>875,971</u>	<u>60,349,883</u>
Expenditures:					
Current:					
Instruction:					
Regular	22,868,213	968,366	426,646	-	24,263,225
Special	7,051,233	-	2,700	-	7,053,933
Other	5,342,343	-	34,770	880,694	6,257,807
	<u>35,261,789</u>	<u>968,366</u>	<u>464,116</u>	<u>880,694</u>	<u>37,574,965</u>
Support services:					
Student	2,138,464	-	23,525	-	2,161,989
Instructional staff	1,058,285	-	2,700	-	1,060,985
Administration	6,409,313	340,865	220,684	-	6,970,862
Operation and maintenance of plant	4,020,559	411,462	648,612	105	5,080,738
Transportation	948,173	212,684	63,503	-	1,224,360
	<u>14,574,794</u>	<u>965,011</u>	<u>959,024</u>	<u>105</u>	<u>16,498,934</u>
Non-instructional programs:					
Food service operations	-	-	17,786	-	17,786
Community service operations	1,712	-	-	-	1,712
	<u>1,712</u>	<u>-</u>	<u>17,786</u>	<u>-</u>	<u>19,498</u>
Capital outlay	-	10,862,244	-	-	10,862,244
Long-term debt:					
Interest and fiscal charges	-	-	-	389,768	389,768
Other expenditures:					
AEA flowthrough	1,892,255	-	-	-	1,892,255
Total expenditures	<u>51,730,550</u>	<u>12,795,621</u>	<u>1,440,926</u>	<u>1,270,567</u>	<u>67,237,664</u>
Excess (Deficiency) of revenues over (under) expenditures	(1,017,051)	(5,647,819)	171,685	(394,596)	(6,887,781)
Other financing sources (uses):					
Proceeds from the sale of equipment	-	3,211	-	-	3,211
Transfer in	92,886	2,476,362	-	780,394	3,349,642
Transfer out	(332,000)	(2,924,756)	-	-	(3,256,756)
Total other financing sources (uses)	<u>(239,114)</u>	<u>(445,183)</u>	<u>-</u>	<u>780,394</u>	<u>96,097</u>
Change in fund balances	(1,256,165)	(6,093,002)	171,685	385,798	(6,791,684)
Fund balances beginning of year	<u>13,160,502</u>	<u>16,640,648</u>	<u>5,358,918</u>	<u>540,960</u>	<u>35,701,028</u>
Fund balances end of year	<u>\$ 11,904,337</u>	<u>10,547,646</u>	<u>5,530,603</u>	<u>926,758</u>	<u>28,909,344</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2020

Change in fund balances - total governmental funds (page 22) \$ (6,791,684)

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, depreciation expense and loss on disposal in the current year are as follows:

Capital outlay	\$ 11,153,197	
Depreciation expense	(3,449,839)	
Loss on disposal	<u>(1,521,060)</u>	6,182,298

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. (372,226)

Net change in the Internal Service Funds charged back against expenditures made for self-funded insurance on an entity-wide basis. 258,877

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. 2,976,733

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

Termination benefits	(174,000)	
Compensated absences	18,646	
Pension expense	(4,347,494)	
Total OPEB liability and related expenses	<u>(654,459)</u>	<u>(5,157,307)</u>

Change in net position of governmental activities (page 19) \$ (2,903,309)

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business Type Activities: Enterprise Funds	Governmental Activities: Internal Service Funds
	School Nutrition	
Assets		
Current assets:		
Cash and pooled investments	\$ 1,162,788	5,478,262
Accounts receivable	1,211	3
Due from other governments	97,103	-
Inventories	36,389	-
Total current assets	<u>1,297,491</u>	<u>5,478,265</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	59,747	-
Total assets	<u>1,357,238</u>	<u>5,478,265</u>
Deferred Outflows of Resources		
Pension related deferred outflows	105,410	-
OPEB related deferred outflows	39,309	-
Total Deferred Outflows of Resources	<u>144,719</u>	<u>-</u>
Liabilities		
Current liabilities:		
Due to other funds	92,886	-
Accounts payable	34,780	234,632
Salaries and benefits payable	14,191	-
Incurred but not reported claims	-	994,038
Unearned revenue	68,038	-
Total current liabilities	<u>209,895</u>	<u>1,228,670</u>
Noncurrent liabilities:		
Compensated absences	4,140	-
Net pension liability	423,460	-
Total OPEB liability	106,508	-
Total noncurrent liabilities	<u>534,108</u>	<u>-</u>
Total liabilities	<u>744,003</u>	<u>1,228,670</u>
Deferred Inflows of Resources		
Pension related deferred inflows	67,700	-
OPEB related deferred inflows	15,626	-
Total Deferred Inflows of Resources	<u>83,326</u>	<u>-</u>
Net Position		
Net investment in capital assets	59,747	-
Unrestricted	614,881	4,249,595
Total net position	<u>\$ 674,628</u>	<u>4,249,595</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Business Type Activities: Enterprise Funds	Governmental Activities: Internal Service Funds
	School Nutrition	
Operating revenues:		
Local sources:		
Charges for service	\$ 656,218	-
Miscellaneous	5,384	6,961,490
Total operating revenues	<u>661,602</u>	<u>6,961,490</u>
Operating expenses:		
Support Services:		
Student:		
Services	-	24,790
Supplies	-	6,922
	<u>-</u>	<u>31,712</u>
Administration:		
Services	-	1,047,534
Total support services	<u>-</u>	<u>1,079,246</u>
Non-instructional programs:		
Food service operations:		
Salaries	551,133	-
Benefits	228,617	-
Services	341	-
Supplies	1,012,307	-
Depreciation	8,495	-
	<u>1,800,893</u>	<u>-</u>
Other enterprise operations:		
Benefits	-	5,646,304
Total non-instructional programs	<u>1,800,893</u>	<u>5,646,304</u>
Total operating expenses	<u>1,800,893</u>	<u>6,725,550</u>
Operating income (loss)	<u>(1,139,291)</u>	<u>235,940</u>
Non-operating revenues:		
State sources	14,120	-
Federal sources	1,245,347	-
Interest income	390	22,937
Total non-operating revenues	<u>1,259,857</u>	<u>22,937</u>
Change in net position before other financing uses	120,566	258,877
Other financing uses:		
Transfer out	<u>(92,886)</u>	<u>-</u>
Change in net position	27,680	258,877
Net position beginning of year	<u>646,948</u>	<u>3,990,718</u>
Net position end of year	<u>\$ 674,628</u>	<u>4,249,595</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Business Type Activities: Enterprise Funds	Governmental Activities: Internal Service Funds
	School Nutrition	
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 694,531	-
Cash received from miscellaneous	5,384	6,961,487
Cash payments to employees for services	(718,275)	(5,646,304)
Cash payments to suppliers for goods or services	(840,255)	(926,207)
Net cash provided by (used in) operating activities	(858,615)	388,976
Cash flows from non-capital financing activities:		
Transfer to General Fund	(92,886)	-
Borrowings from General Fund	14,656	-
State grants received	14,120	-
Federal grants received	1,009,431	-
Net cash provided by non-capital financing activities	945,321	-
Cash flows from capital and related financing activities:		
Purchase of capital assets	(43,256)	-
Cash flows from investing activities:		
Interest on investments	390	22,937
Net increase in cash and pooled investments	43,840	411,913
Cash and pooled investments beginning of year	1,118,948	5,066,349
Cash and pooled investments end of year	\$ 1,162,788	5,478,262
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (1,139,291)	235,940
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Commodities consumed	155,419	-
Depreciation	8,495	-
Change in assets and liabilities:		
Inventories	(3,385)	-
Accounts receivable	7,443	(3)
Accounts payable	20,359	209,667
Incurred but not reported claims	-	(56,628)
Salaries and benefits payable	12,501	-
Net pension liability	(19,379)	-
Deferred outflows of resources	(20,590)	-
Deferred inflows of resources	53,569	-
Unearned revenue	30,870	-
Compensated absences	1,121	-
Total OPEB liability	34,253	-
Net cash provided by (used in) operating activities	\$ (858,615)	388,976

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2020, the District received \$155,419 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2020

	Private Purpose Trust
	Scholarship
Assets	
Cash and pooled investments	\$ 25,845
Liabilities	
	-
Net Position	
Held in trust for scholarships	\$ 25,845

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2020

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ <u>6,268</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	6,400
Supplies	<u>1,227</u>
Total deductions	<u>7,627</u>
Change in net position	(1,359)
Net position beginning of year	<u>27,204</u>
Net position end of year	<u>\$ <u>25,845</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(1) Summary of Significant Accounting Policies

Bettendorf 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. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Bettendorf, Iowa, and an area in Scott County. The District is governed by a Board of Education whose members are elected on a non-partisan basis. Management of the District is appointed and is accountable to the Board of Education.

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, Bettendorf 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 Bettendorf Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management on 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 that are 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 other nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

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

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

The Management Levy Fund is used to account for management fund tax levies and for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

The District reports the following nonmajor proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Internal Service Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Internal Service Fund is used to account for the self-funded health insurance and dental insurance plan of the District. The Internal Service Fund is charged back to the governmental activities and shown combined in the Statement of Net Position and the Statement of Activities.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date 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, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2019.

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

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as 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 the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,000
Buildings	5,000
Land improvements	5,000
Intangibles	200,000
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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Land improvements	20 years
Intangibles	5-10 years
Machinery and equipment	5-15 years

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

Salaries and Benefits Payable - Payroll and related 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 Revenue - Unearned revenues are monies collected for student fees and 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 balance sheet in the Enterprise, 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.

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

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 from 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, benefits 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 by the General Fund and that which is attributable to business type activities 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) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable not collected within sixty days after year end.

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 charge to pension and OPEB expense.

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

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

Unassigned - All amounts not included in the preceding classification.

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 in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to 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, 2020, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$4,212,323 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard and Poor's Financial Services.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue: Student Activity	General	\$ 20,000
Capital Projects: Statewide Sales, Services and Use Tax	General	312,000
Capital Projects: Physical Plant and Equipment Levy	Capital Projects: Statewide Sales, Services and Use Tax	2,164,362
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	760,394
General Fund Total	Enterprise Fund: School Nutrition	<u>92,886</u> <u>\$ 3,349,642</u>

The transfer from the General Fund to the Student Activity Fund was for safety equipment.

The transfer from the General Fund to the Capital Projects: Statewide Sales, Services and Use Tax was to repay expenses from a prior period.

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax to the Capital Projects: Physical Plant and Equipment Levy was to transfer money to pay construction expenses.

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax to the Debt Service Fund was for interest payments on the District's Revenue Bonds.

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

(4) Due From and Due to Other Funds

The detail of interfund receivables and payables for the year ended June 30, 2020 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Enterprise Fund: School Nutrition	\$ 92,886
General Fund	Capital Projects: Statewide Sales, Services and Use Tax	396
Total		<u>\$ 93,282</u>

The Capital Projects: Statewide Sales, Services and Use Tax Fund is repaying the General Fund for expenses not reimbursed by the end of the year.

The Enterprise: School Nutrition Fund is repaying the General Fund for indirect costs paid during the year.

(5) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,102,422	-	-	1,102,422
Construction in progress	14,951,315	10,510,882	8,686,239	16,775,958
Total capital assets not being depreciated	16,053,737	10,510,882	8,686,239	17,878,380
Capital assets being depreciated:				
Buildings	95,069,837	8,686,240	4,931,640	98,824,437
Land improvements	7,065,819	95,635	151,384	7,010,070
Machinery and equipment	9,185,542	546,679	383,723	9,348,498
Total capital assets being depreciated	111,321,198	9,328,554	5,466,747	115,183,005
Less accumulated depreciation for:				
Buildings	40,999,450	2,675,324	3,593,215	40,081,559
Land improvements	1,721,027	337,551	35,798	2,022,780
Machinery and equipment	7,187,687	436,964	316,674	7,307,977
Total accumulated depreciation	49,908,164	3,449,839	3,945,687	49,412,316
Total capital assets being depreciated, net	61,413,034	5,878,715	1,521,060	65,770,689
Governmental activities capital assets, net	<u>\$ 77,466,771</u>	<u>16,389,597</u>	<u>10,207,299</u>	<u>83,649,069</u>
Business type activities:				
Machinery and equipment	\$ 474,400	43,256	-	517,656
Less accumulated depreciation	449,414	8,495	-	457,909
Business type activities capital assets, net	<u>\$ 24,986</u>	<u>34,761</u>	<u>-</u>	<u>59,747</u>

Depreciation expense was charged to the following functions:

Governmental activities:			
Instruction:			
Regular		\$	24,688
Other			56,106
Support Services:			
Student			7,909
Instructional staff			125,933
Administration			46,712
Operation and maintenance of plant			18,221
Transportation			157,395
			<u>436,964</u>
Unallocated depreciation			3,012,875
			<u>3,449,839</u>
Total governmental activities depreciation expense		\$	<u>3,449,839</u>
Business type activities:			
Food service operations		\$	<u>8,495</u>

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2020 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 27,380,000	-	-	27,380,000	-
Termination benefits	140,400	649,290	475,290	314,400	100,200
Compensated absences	378,411	359,765	378,411	359,765	359,765
Net pension liability	24,718,452	-	1,616,343	23,102,109	-
Total OPEB liability	5,360,443	2,307,390	-	7,667,833	-
Total	<u>\$ 57,977,706</u>	<u>3,316,445</u>	<u>2,470,044</u>	<u>58,824,107</u>	<u>459,965</u>
Business type activities:					
Compensated absences	3,019	4,140	3,019	4,140	4,140
Net pension liability	442,839	-	19,379	423,460	-
Total OPEB liability	72,255	34,253	-	106,508	-
Total	<u>\$ 518,113</u>	<u>38,393</u>	<u>22,398</u>	<u>534,108</u>	<u>4,140</u>

Revenue Bonds

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

Year Ending June 30,	Revenue Bond issued July 25, 2018			Revenue Bond Issued June 18, 2019			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2021	3.03 %	\$ -	303,000	2.54 %	\$ -	441,452	-	744,452	744,452
2022	3.03	1,000,000	287,850	2.54	1,725,000	419,545	2,725,000	707,395	3,432,395
2023	3.03	1,200,000	254,520	2.54	1,600,000	377,317	2,800,000	631,837	3,431,837
2024	3.03	1,200,000	218,160	2.54	1,675,000	335,724	2,875,000	553,884	3,428,884
2025	3.03	1,100,000	183,315	2.54	1,855,000	290,894	2,955,000	474,209	3,429,209
2026-2030	3.03	5,500,000	416,625	2.54	10,525,000	690,181	16,025,000	1,106,806	17,131,806
Total		<u>\$ 10,000,000</u>	<u>1,663,470</u>		<u>\$ 17,380,000</u>	<u>2,555,113</u>	<u>27,380,000</u>	<u>4,218,583</u>	<u>31,598,583</u>

The District has pledged future statewide sales, services and use tax revenues to repay \$27,380,000 of revenue bonds issued July 2018 and June 2019. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2029. The bonds are not a general obligation of the District. The debt, however, is subject to the constitutional debt limitation of the District. Annual principal and interest payments are expected to require nearly 79% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$31,598,583. For the current year, interest of \$388,167 was paid on the bonds and total statewide sales, services and use tax revenues were \$4,334,436.

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

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

Termination Benefits

In fiscal year 2020 and prior years the District offered a voluntary early retirement plan to its certified, administrative and classified employees. Eligible employees must have been at least age 55 and have completed 15 years of consecutive full-time service to the District.

The total retirement benefit for eligible employees under the program is \$13,500 deposited into a Health Reimbursement Arrange (HRA) divided into five equal payments to be made over a period of five years. In addition, an amount equivalent to the total of unused sick leave days at \$60 per day was deposited into the HRA on a one-time basis for employees.

At June 30, 2020, the District had obligations to 35 retirees with a total liability of \$314,400. Actual early retirement expenditures for the year ended June 30, 2020 totaled \$475,290.

(7) Pension Plan

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

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general 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, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.

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

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

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

Disability and Death Benefits - A vested member who is awarded 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 that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

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

The District's contributions to IPERS for the year ended June 30, 2020 were \$3,029,137.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the District reported a liability of \$23,525,569 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the District's proportion was 0.406268%, which was an increase of 0.008665% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$4,436,480. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,219	845,857
Changes of assumptions	2,519,925	-
Net difference between projected and actual earnings on IPERS' investments	-	2,651,049
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	359,584	264,226
District contributions subsequent to the measurement date	3,029,137	-
Total	<u>\$ 5,973,865</u>	<u>3,761,132</u>

\$3,029,137 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2021	\$ 548,662
2022	(578,312)
2023	(395,932)
2024	(372,845)
2025	(17,977)
Total	<u>\$ (816,404)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	100.0%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, 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	\$ 41,773,816	23,525,569	8,219,140

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

Payables to IPERS - At June 30, 2020, the District reported payables IPERS of \$39,718 for legally required District contributions and \$26,465 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

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

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

Inactive employees or beneficiaries currently receiving benefit payments	19
Active employees	<u>443</u>
Total	<u><u>462</u></u>

Total OPEB Liability - The District's total OPEB liability of \$7,774,341 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

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

Rate of inflation (effective June 30, 2020)	2.50% per annum.
Rates of salary increase (effective June 30, 2020)	4.00% per annum.
Discount rate (effective June 30, 2020)	2.66% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	6.50% for FY2021 decreasing to an ultimate rate of 4.50% in 2035.

Discount Rate - The discount rate used to measure the total OPEB liability was 2.66% 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 combined annuitant mortality table for males and females. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 5,432,698
Changes for the year:	
Service cost	550,381
Interest	185,643
Differences between expected and actual experiences	1,611,252
Changes in assumptions	174,889
Benefit payments	<u>(180,522)</u>
Net changes	<u>2,341,643</u>
Total OPEB liability end of year	<u><u>\$ 7,774,341</u></u>

Changes of assumptions reflect a change in the discount rate from 3.50% in fiscal year 2019 to 2.66% in fiscal year 2020.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.66%) or 1% higher (3.66%) than the current discount rate.

	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB liability	\$ 8,406,969	7,774,341	7,188,217

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

	1% Decrease (5.50%)	Healthcare Cost Trend Rate (6.50%)	1% Increase (7.50%)
Total OPEB liability	\$ 6,903,887	7,774,341	8,807,078

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the District recognized OPEB expense of \$934,954. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,443,621	-
Changes in assumptions	1,425,601	1,140,587
Total	\$ 2,869,222	1,140,587

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

Year Ended June 30,	Amount
2021	\$ 198,930
2022	198,930
2023	198,930
2024	198,930
2025	198,930
Thereafter	733,985
Total	\$ 1,728,635

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,892,255 for the year ended June 30, 2020 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Risk Management

The District has a self-funded health and dental insurance plan. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess of \$50,000 in insured claims for any one covered individual. Settle claims have not exceeded the commercial coverage in any of the past three years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The net position was \$4,249,595 at June 30, 2020. The incurred but not recorded and unpaid claims liability of \$994,038 reported in the plan at June 30, 2020 based on the requirements of GASB Statement Number 10 is set up as a liability on the Statement of Net Position.

In addition, 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. The District assumes liability for any deductibles and claims in excess of coverage limits. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(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, 2020.

<u>Program</u>	<u>Amount</u>
Gifted and Talented Programs	\$ 313,752
Teacher Leadership State Aid	550,334
Four-Year-Old Preschool State Aid	146,110
Iowa Early Intervention Block Grant	8,360
Textbook Aid for Nonpublic Students	10,634
Successful Progression for Early Readers	16,385
Professional Development	<u>202,660</u>
Total	<u>\$ 1,248,235</u>

(12) Construction Commitments

The District has entered into various contracts totaling \$19,322,730 for construction projects around the District. As of June 30, 2020, costs of \$16,775,958 had been incurred against these contracts. The balance remaining on these projects will be paid as work on the projects progresses.

(13) Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position

Reconciliation of certain governmental fund balances to the Statement of Net Position is as follows:

	Net investment in Capital Assets	Debt Service	Management Levy	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	925	5,530,603	10,655,996
Capital assets, net of accumulated depreciation	83,649,069	-	-	-
Revenue bond capitalized indebtedness	(27,380,000)	-	-	-
Prepaid expenses	-	372,226	-	106
Accrued interest payable	-	(372,226)	-	-
Termination benefits	-	-	(314,400)	-
Internal service fund balance	-	-	-	4,249,595
Compensated absences	-	-	-	(359,765)
Pension related deferred outflows	-	-	-	5,868,455
Pension related deferred inflows	-	-	-	(3,693,432)
Net pension liability	-	-	-	(23,102,109)
Total OPEB liability	-	-	-	(7,667,833)
OPEB related deferred outflows	-	-	-	2,829,913
OPEB related deferred inflows	-	-	-	(1,124,961)
Net position (Exhibit A)	<u>\$ 56,269,069</u>	<u>925</u>	<u>5,216,203</u>	<u>(12,344,035)</u>

(14) 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

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Bettendorf	Urban Renewal and Economic Development Projects	\$ 592,442

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2020, this reimbursement amounted to \$319,128.

(15) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. As a result of the coronavirus pandemic, GASB has extended the effective dates of recent pronouncements. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

Required Supplementary Information

BETTENDORF COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2020

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 27,258,666	661,992	27,920,658	28,815,094	28,815,094	(894,436)
Intermediate sources	-	-	-	7,676	7,676	(7,676)
State sources	31,576,829	14,120	31,590,949	31,862,753	31,862,753	(271,804)
Federal sources	1,514,388	1,245,347	2,759,735	2,972,946	2,972,946	(213,211)
Total revenues	<u>60,349,883</u>	<u>1,921,459</u>	<u>62,271,342</u>	<u>63,658,469</u>	<u>63,658,469</u>	<u>(1,387,127)</u>
Expenditures/Expenses:						
Instruction	37,574,965	-	37,574,965	37,857,409	37,857,409	282,444
Support services	16,498,934	-	16,498,934	16,151,781	16,831,968	333,034
Non-instructional programs	19,498	1,800,893	1,820,391	1,946,311	1,946,311	125,920
Other expenditures	13,144,267	-	13,144,267	25,119,675	25,119,675	11,975,408
Total expenditures/expenses	<u>67,237,664</u>	<u>1,800,893</u>	<u>69,038,557</u>	<u>81,075,176</u>	<u>81,755,363</u>	<u>12,716,806</u>
Excess (Deficiency) of revenues over (under) expenditures/expenses	(6,887,781)	120,566	(6,767,215)	(17,416,707)	(18,096,894)	11,329,679
Other financing sources, net	<u>96,097</u>	<u>(92,886)</u>	<u>3,211</u>	<u>7,321,348</u>	<u>7,321,348</u>	<u>(7,318,137)</u>
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	(6,791,684)	27,680	(6,764,004)	(10,095,359)	(10,775,546)	4,011,542
Balances beginning of year	<u>35,701,028</u>	<u>646,948</u>	<u>36,347,976</u>	<u>29,255,706</u>	<u>29,255,706</u>	<u>7,092,270</u>
Balances end of year	<u>\$ 28,909,344</u>	<u>674,628</u>	<u>29,583,972</u>	<u>19,160,347</u>	<u>18,480,160</u>	<u>11,103,812</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2020

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$680,187.

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

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.406268%	0.397603%	0.399602%	0.402847%	0.403126%	0.402844%
District's proportionate share of the net pension liability	\$ 23,525,569	25,161,291	26,619,000	25,352,000	19,916,000	15,976,000
District's covered payroll	\$ 30,971,790	29,921,613	29,854,423	28,947,368	27,614,782	26,360,582
District's proportionate share of the net pension liability as a percentage of its covered payroll	75.96%	84.09%	89.16%	87.58%	72.12%	60.61%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 3,029,137	2,923,737	2,672,000	2,666,000	2,585,000	2,466,000	2,354,000	2,179,000	2,012,000	1,682,000
Contributions in relation to the statutorily required contribution	\$ (3,029,137)	(2,923,737)	(2,672,000)	(2,666,000)	(2,585,000)	(2,466,000)	(2,354,000)	(2,179,000)	(2,012,000)	(1,682,000)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 32,088,316	30,971,790	29,921,613	29,854,423	28,947,368	27,614,782	26,360,582	25,132,641	24,931,846	24,201,439
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

	2020	2019	2018
Service cost	\$ 550,381	412,352	396,988
Interest cost	185,643	202,409	195,675
Differences between expected and actual experiences	1,611,252	-	-
Changes in assumptions	174,889	167,514	(120,999)
Benefit payments	(180,522)	(334,878)	(291,565)
Net change in total OPEB liability	2,341,643	447,397	180,099
Total OPEB liability beginning of year	5,432,698	4,985,301	4,805,202
Total OPEB liability end of year	<u>\$ 7,774,341</u>	<u>5,432,698</u>	<u>4,985,301</u>
Covered-employee payroll	\$ 22,610,354	23,895,000	23,086,647
Total OPEB liability as a percentage of covered-employee payroll	34.38%	22.74%	21.59%

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, 2020	2.66%
Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT

Supplementary Information

BETTENDORF COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	<u>Special Revenue</u>		
	Student Activity	Debt Service	Total Nonmajor
Assets			
Cash and pooled investments	\$ 553,100	2,025	555,125
Receivables:			
Accounts	6,462	-	6,462
Prepaid expenses	-	372,226	372,226
Total assets	\$ 559,562	374,251	933,813
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 5,955	1,100	7,055
Deferred inflows of resources	-	-	-
Fund balances:			
Nonspendable	-	372,226	372,226
Restricted for:			
Debt service	-	925	925
Student activities	553,607	-	553,607
Total fund balances	553,607	373,151	926,758
Total liabilities, deferred inflows of resources and fund balances	\$ 559,562	374,251	933,813

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2020

	<u>Special Revenue</u>		
	Student Activity	Debt Service	Total Nonmajor
Revenues:			
Local sources:			
Other	\$ 875,970	1	875,971
Expenditures:			
Current:			
Instruction:			
Other	880,694	-	880,694
Support services:			
Operation and maintenance of plant	105	-	105
Long-term debt:			
Interest and fiscal charges	-	389,768	389,768
Total expenditures	880,799	389,768	1,270,567
Excess (Deficiency) of revenues over (under) expenditures	(4,829)	(389,767)	(394,596)
Other financing sources:			
Transfer in	20,000	760,394	780,394
Change in fund balances	15,171	370,627	385,798
Fund balances beginning of year	538,436	2,524	540,960
Fund balances end of year	\$ 553,607	373,151	926,758

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUND ACCOUNTS
 JUNE 30, 2020

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 6,376,224	4,357,225	10,733,449
Receivables:			
Property tax:			
Delinquent	-	17,828	17,828
Succeeding year	-	2,710,005	2,710,005
Accounts	16,732	-	16,732
Due from other governments	365,316	-	365,316
Total assets	\$ 6,758,272	7,085,058	13,843,330
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Due to other funds	\$ 396	-	396
Accounts payable	511,297	73,986	585,283
Total liabilities	511,693	73,986	585,679
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	2,710,005	2,710,005
Fund balances:			
Restricted for:			
School infrastructure	6,246,579	-	6,246,579
Physical plant and equipment	-	4,301,067	4,301,067
Total fund balances	6,246,579	4,301,067	10,547,646
Total liabilities, deferred inflows of resources and fund balances	\$ 6,758,272	7,085,058	13,843,330

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUND ACCOUNTS
 YEAR ENDED JUNE 30, 2020

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	2,667,488	2,667,488
Other	51,085	44,730	95,815
State sources	4,334,436	50,063	4,384,499
Total revenues	<u>4,385,521</u>	<u>2,762,281</u>	<u>7,147,802</u>
Expenditures:			
Current:			
Instruction:			
Regular	-	968,366	968,366
Support services:			
Administration	156,420	184,445	340,865
Operation and maintenance of plant	260,396	151,066	411,462
Transportation	-	212,684	212,684
Capital outlay	10,463,062	399,182	10,862,244
Total expenditures	<u>10,879,878</u>	<u>1,915,743</u>	<u>12,795,621</u>
Excess (Deficiency) of revenues over (under) expenses	(6,494,357)	846,538	(5,647,819)
Other financing sources (uses):			
Proceeds from the sale of equipment	-	3,211	3,211
Transfer in	312,000	2,164,362	2,476,362
Transfer out	(2,924,756)	-	(2,924,756)
Total other financing sources (uses)	<u>(2,612,756)</u>	<u>2,167,573</u>	<u>(445,183)</u>
Change in fund balances	(9,107,113)	3,014,111	(6,093,002)
Fund balances beginning of year	<u>15,353,692</u>	<u>1,286,956</u>	<u>16,640,648</u>
Fund balances end of year	<u>\$ 6,246,579</u>	<u>4,301,067</u>	<u>10,547,646</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2020

Account	Balance Beginning of Year	Revenues	Expenditures	Interfund Transfer	Balance End of Year
Drama	\$ 5,801	21,634	27,435	-	-
Debate	-	9,966	4,270	-	5,696
Vocal Music	-	4,368	4,368	-	-
Vocal Music 1	466	-	264	-	202
Vocal Music 2	5,836	3,165	2,672	-	6,329
Instrumental	18,307	29,298	39,807	-	7,798
Winter Guard	365	-	365	-	-
Orchestra	7,551	5,362	4,110	-	8,803
Show Choir	17	60,050	60,067	-	-
Rhythm on the River Bend	1,101	17,896	18,997	-	-
Co-Ed Athletics	146,537	135,785	124,057	-	158,265
Misc Club Revenue	10,746	2,469	-	-	13,215
TRAP League	2,469	-	2,469	-	-
Sports Uniforms	5,261	5,219	6,227	-	4,253
Boy's Basketball	-	24,050	24,050	-	-
Boy's Football	-	58,014	74,889	16,875	-
Boy's Soccer	-	2,552	2,552	-	-
Boy's Baseball	-	5,588	8,713	3,125	-
Baseball Fund Raiser	3,303	4,735	6,250	-	1,788
Boy's Track	-	2,671	2,671	-	-
Boys CR County	-	4,024	4,024	-	-
Boy's Tennis	-	381	381	-	-
Boy's Golf	100	6,930	7,002	-	28
Boy's Swimming	-	7,221	7,221	-	-
Boy's Bowling	23	2,802	2,817	-	8
Boy's Wrestling	-	26,954	26,954	-	-
Girl's Basketball	-	14,072	14,072	-	-
Girl's Volleyball	-	18,310	18,310	-	-
Girl's Soccer	-	1,977	1,977	-	-
Girl's Softball	-	5,682	5,682	-	-
Girl's Track	-	4,205	4,205	-	-
Girls Cr County	-	6,187	6,187	-	-
Girl's Tennis	-	660	660	-	-
Girl's Golf	-	2,005	2,005	-	-
Girl's Swimming	-	8,582	8,582	-	-
Girl's Bowling	23	2,583	2,606	-	-
FCCLA	318	659	139	-	838
GSA Club	1,014	365	329	-	1,050
Golf Outing	7,616	14,558	6,371	-	15,803
Health Club	172	-	-	-	172
Interest	1,942	2,623	989	-	3,576
Arts Education	6,555	4,473	2,465	-	8,563
Amicus	683	878	166	-	1,395
Honors English	175	-	-	-	175
FBLA	4,598	10,916	8,294	-	7,220
Business Principles	2,603	-	-	-	2,603
BHS England Trip	9,404	-	-	-	9,404
Activity Tickets	2,177	32,126	32,577	-	1,726
BHS SIT	1,590	541	576	-	1,555
Yearbook/Photo Club	6,596	7,681	10,240	-	4,037
Academic Coaching	209	-	209	-	-
Robotics Club	2,885	2,476	2,815	-	2,546
Science Club	845	490	641	-	694
Scholastic Bowl	776	-	-	-	776
Yearbook-Beacon	50,859	45,299	39,993	-	56,165
Growl newspaper	9,832	1,226	364	-	10,694
Foreign Language Club	2	-	-	-	2
Special Education Activities	210	-	136	-	74
National History Day Club	868	-	840	-	28
Student Council	11,113	36,383	28,744	-	18,752
Cheerleaders	13,102	26,289	26,450	-	12,941
Computer Club	1	-	-	-	1

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Account	Balance Beginning of Year	Revenues	Expenditures	Interfund Transfer	Balance End of Year
Living Skills Club	222	-	-	-	222
Peer Educators	1,725	678	104	-	2,299
School Paper	1,929	-	-	-	1,929
Functional Skills	1,471	-	-	-	1,471
Spanish Club	1,752	120	247	-	1,625
Sail/TAG Fundraiser	1,216	-	-	-	1,216
National Honor Society	1,439	2,259	1,965	-	1,733
Art Club	176	-	-	-	176
German Club	1,942	2,955	2,371	-	2,526
Bulldog Way	179	-	-	-	179
French Club	730	1,015	185	-	1,560
French Honors Society	133	-	107	-	26
Goldusters	5,828	15,534	11,219	-	10,143
Dusterettes	540	-	-	-	540
Art Club	1,512	-	-	-	1,512
Key Club	249	478	514	-	213
Club Vending	5,772	5,072	5,767	-	5,077
PR Club Vending	5,614	3,671	3,895	-	5,390
Class of 2020	2,067	1,863	3,930	-	-
Class of 2021	894	941	1,541	-	294
Class of 2022	236	192	33	-	395
Class of 2023	-	310	-	-	310
N.A. Fundraiser	821	-	150	-	671
N.A. Bookstore	4,112	-	-	-	4,112
Student Council	416	-	-	-	416
N.A. Shooting Stars	534	360	304	-	590
Hoover Fundraiser	1,895	-	150	-	1,745
Jefferson Fundraiser	15	-	15	-	-
Jefferson Bookstore	1,529	-	1,529	-	-
TJ Student Council	515	-	305	-	210
P.N. Bookstore	2,922	-	-	-	2,922
M.T. Bookstore	-	1,529	-	-	1,529
G.W. Fundraiser	4,388	-	150	-	4,238
G.W. Bookstore	3,667	-	-	-	3,667
G.W. Memorial Fund	31	-	-	-	31
Student Needs	527	-	-	-	527
N.A. Student	379	-	-	-	379
Elm - Orchestra	54	-	-	-	54
Backpack Snack Program	9,502	5,100	3,300	-	11,302
Therapy Dog	1,225	-	-	-	1,225
MT Fundraiser	2,309	15	150	-	2,174
6-House I	1,682	-	-	-	1,682
6-House II	2,185	1,982	1,789	-	2,378
6-House III	544	1,784	983	-	1,345
7-House I	821	708	518	-	1,011
7-House II	822	833	413	-	1,242
7-House III	634	50	598	-	86
8-House I	2,003	1,483	1,298	-	2,188
8-House II	959	1,211	923	-	1,247
8-House III	2,838	760	1,011	-	2,587
School Fundraising	6,886	6,150	5,984	-	7,052
Student Needs	1,153	-	-	-	1,153
BWCA	307	-	-	-	307
MS Parent Link	13,238	13,715	11,765	-	15,188
After Prom	11,307	10,750	10,944	-	11,113
Edison Food Pantry	500	-	194	-	306
BHS Fine Arts Trip	17,314	11,885	25,749	-	3,450
Fine Arts Uniforms	14,405	4,059	4,950	-	13,514
BHS Fine Arts	22,992	76,902	71,106	-	28,788
BHS Football Moms	17,760	8,159	13,301	-	12,618
BHS Mat Moms	5,568	1,067	2,086	-	4,549
Total	\$ 538,436	875,970	880,799	20,000	553,607

BETTENDORF COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN PRIVATE PURPOSE TRUST FUND
 SCHOLARSHIP ACCOUNTS
 YEAR ENDED JUNE 30, 2020

Account	Net Position Beginning of Year	Additions	Deductions	Net Position End of Year
Golf Outing Scholarship	\$ 2,007	-	1,000	1,007
TJ Before the Bell	346	-	-	346
Class of 55 Donation	318	-	-	318
Student Needs	3,520	450	372	3,598
Noack Donation	201	-	-	201
Donation for After School - Armstrong	100	-	-	100
Donation for After School - Mark Twain	100	-	-	100
Professional Development Donation	2,006	-	-	2,006
Spain Memorial	919	-	-	919
B.H.S Memorial	1,017	-	-	1,017
G.W. Pieff Tutor	164	-	-	164
B.M.S Johnson Memorial	400	-	400	-
B.S.C.F. Debate	8,257	-	-	8,257
Dollars for Doers	82	-	-	82
GW Sign Tutoring	2,669	-	-	2,669
Koufer Memorial	26	-	-	26
Funk Memorial	14	-	-	14
TJ Trust Fund	1,360	-	-	1,360
Ann Orlandea Memorial	1	-	-	1
Thiessen Scholarship	1,926	870	1,000	1,796
Phillips Scholarship	251	-	-	251
Stansbury Scholarship	716	-	-	716
IGHSAU Scholarshp	753	-	-	753
Sparling Memorial	51	-	-	51
RSAC Sunshine	-	413	355	58
Administrator Sunshine	-	535	500	35
Andrus Scholars	-	4,000	4,000	-
Total	<u>\$ 27,204</u>	<u>6,268</u>	<u>7,627</u>	<u>25,845</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Local sources:										
Local tax	\$ 20,216,255	21,024,379	19,875,840	19,403,387	19,280,650	19,029,135	22,820,270	22,886,176	21,977,114	21,097,070
Tuition	5,334,947	5,736,477	5,779,146	5,487,479	5,598,345	4,680,371	4,184,888	4,082,291	3,804,224	3,704,732
Other	1,707,464	2,041,204	2,055,217	1,964,185	2,270,209	1,875,163	1,900,221	1,737,113	1,932,720	1,826,287
Intermediate sources	-	-	10,599	1,405	32,378	12,965	626	200	576	513
State sources	31,576,829	30,265,985	29,709,591	28,982,066	27,685,128	27,375,345	22,189,361	21,598,101	21,310,902	19,936,921
Federal sources	1,514,388	1,710,455	1,789,314	1,735,593	1,769,933	1,867,500	1,744,313	1,622,543	2,289,034	2,874,300
Total	\$ 60,349,883	60,778,500	59,219,707	57,574,115	56,636,643	54,840,479	52,839,679	51,926,424	51,314,570	49,439,823
Expenditures:										
Instruction:										
Regular	\$ 24,263,225	23,858,785	23,682,801	23,648,644	23,507,593	22,308,962	20,327,836	19,685,330	18,366,813	18,034,575
Special	7,053,933	6,612,900	6,169,204	5,731,522	5,622,285	5,477,174	5,687,617	5,349,062	5,142,445	5,450,548
Other	6,257,807	6,181,303	6,287,690	6,001,847	4,998,926	4,461,856	5,281,988	4,579,520	4,855,728	4,725,745
Support services:										
Student	2,161,989	2,159,960	2,047,739	1,956,039	1,920,112	1,861,282	1,823,326	1,795,943	1,742,974	1,684,351
Instructional staff	1,060,985	802,616	736,604	801,708	817,556	767,954	665,587	616,969	753,188	673,503
Administration	6,970,862	6,515,134	6,324,612	6,449,214	6,273,984	6,356,301	5,994,504	6,215,174	6,446,347	6,721,876
Operation and maintenance of plant	5,080,738	5,058,307	4,799,074	4,523,772	4,573,231	4,487,569	4,309,240	3,801,998	3,570,952	3,720,497
Transportation	1,224,360	1,019,757	1,149,880	1,099,577	1,207,579	942,322	963,209	858,898	755,039	843,569
Non-instructional programs	19,498	21,019	22,260	20,135	34,329	13,785	18,310	9,771	11,657	12,218
Capital outlay	10,862,244	20,172,948	8,657,701	3,285,443	2,125,287	3,923,853	6,784,283	8,165,454	9,840,071	848,545
Long-term debt:										
Principal	-	-	-	72,565	71,186	516,776	-	-	-	-
Interest	389,768	426,942	-	1,405	2,784	14,202	-	-	-	-
Other expenditures:										
AEA flowthrough	1,892,255	1,810,173	1,777,461	1,686,385	1,647,856	1,631,664	1,605,145	1,546,987	1,501,447	1,651,099
Total	\$ 67,237,664	74,639,844	61,655,026	55,278,256	52,802,708	52,763,700	53,461,045	52,625,106	52,986,661	44,366,526

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

GRANTOR/PROGRAM	PASS-THROUGH		
	CFDA NUMBER	ENTITY IDENTIFYING NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 20	\$ 123,154
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 20	1,107,926 *
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 20	14,267
			1,245,347
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 20	406,945
TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS	84.287	FY 20	183,323
SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367	FY 20	89,091
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424	FY 20	32,967
EDUCATION STABILIZATION FUND	84.425	FY 20	50,513
U.S. DEPARTMENT OF EDUCATION:			
MISSISSIPPI BEND AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 20	197,982
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 20	7,386
ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 20	4,084
TOTAL			\$ 2,217,638

* - Includes \$155,419 of non-cash awards

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Bettendorf Community School District under programs of the federal government for the year ended June 30, 2020. The information on 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 selected portion of the operations of Bettendorf Community School District, it is not intended to and does not represent the financial position, changes in financial position or cash flows of Bettendorf Community School District.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Indirect Cost Rate - Bettendorf Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT

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 Bettendorf Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bettendorf Community School District as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 7, 2021.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

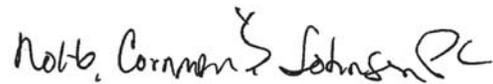
Bettendorf Community School District's Responses to Findings

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

Purpose of this Report

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

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

January 7, 2021
Newton, Iowa

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Board of Education of Bettendorf Community School District:

Report on Compliance for Each Major Federal Program

We have audited Bettendorf Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. Bettendorf 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 Bettendorf 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 Bettendorf 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 major federal program. However, our audit does not provide a legal determination of Bettendorf Community School District's compliance.

Opinion on Each Major Federal Program

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

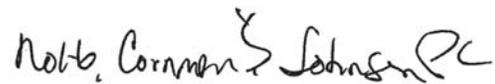
Report on Internal Control Over Compliance

Management of Bettendorf 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 Bettendorf Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bettendorf Community School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

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.

January 7, 2021
Newton, Iowa

BETTENDORF COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) No significant deficiency 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) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516(a)
- (g) Major programs were as follows:
- Child Nutrition Cluster
 - CFDA Number 84.010 - Title I Grants to local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Bettendorf Community School District did qualify as a low-risk auditee.

BETTENDORF COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2020

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

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

IV-B-20 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 will review all transactions for sales tax. The District understands that sales tax for meal purchases and some hotel taxes do not apply to the District's tax-exempt status.

Conclusion - Response accepted.

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

IV-D-20 Business Transactions - Business transactions between the District and District employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Mike Dynes - Teacher Co-owner of Studio D3	Services	\$ 2,195

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

- IV-E-20 Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- IV-F-20 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions.
- IV-G-20 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- IV-H-20 Certified Enrollment - We noted the basic enrollment data certified to the Iowa Department of Education was overstated by 1.00.

Recommendation - The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.

Response - The District's auditors will contact the Iowa Department of Education and the Iowa Department of Management on behalf of the District to resolve this matter

Conclusion - Response accepted.
- IV-I-20 Supplementary Weighting - We noted no variances regarding the supplementary weighting certified to the Iowa Department of Education.
- IV-J-20 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- IV-K-20 Certified Annual Report - The Certified Annual Report was certified timely to the Department of Education and we noted no deficiencies in amounts reported.
- IV-L-20 Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- IV-M-20 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, 2020, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR.

Beginning balance		\$ 15,353,692
Revenues:		
Sales tax revenues	\$ 4,334,436	
Transfer from other funds	312,000	
Other local revenues	51,085	4,697,521
		<u>4,697,521</u>
Expenditures/transfers out:		
School infrastructure construction	10,244,257	
Equipment	206,869	
Other	428,752	
Transfers to other funds:		
Other transfers	2,164,362	
Debt service fund	760,394	13,804,634
		<u>13,804,634</u>
Ending balance		<u>\$ 6,246,579</u>

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

IV-N-20 Board Policies - We noted during our audit instances of District board policies which do not appear to have been reviewed and/or updated within the past five years. According to Iowa Administrative Code Chapter 281-12.3(2), "Policies shall be reviewed at least every five years to ensure relevance to current practices and compliance with the Iowa Code, administrative rules and decisions, and court decisions."

Recommendation - The District should review its official board policies and update all policies that have not been updated within the last five years. The District should also review procedures and take steps to ensure board policies are reviewed in a timely manner in accordance with Chapter 281-12.3(2) of the Iowa Administrative Code.

Response - The District will review and update board policies beyond the five-year review cycle. The District will use a policy review cycle to ensure future compliance.

Conclusion - Response accepted.