

LISBON COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS,
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND SCHEDULE OF FINDINGS

JUNE 30, 2020

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LISBON COMMUNITY SCHOOL DISTRICT
Officials
June 30, 2020

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
David Prasil	Board President	2021
Allan Mallie	Board Vice President	2021
Abbe Stensland	Board Member	2023
John Prasil	Board Member	2023
Jennifer Caspers	Board Member	2023
School Officials		
Pat Hocking	Superintendent	2021
Laurie Maher	Business Manager/Board Secretary	2021
Ahlers & Cooney, P.C.	Attorney	2021

Kay L. Chapman, CPA PC

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Muscatine, Iowa 52761
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Independent Auditor's Report

To the Board of Education of
Lisbon Community School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Lisbon Community School District, Lisbon, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Disclaimer of Opinion

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

Disclaimer of Opinion

Because the Foundation's financial statements have not been audited, the scope of my work was not sufficient to enable me to express, and I do not express, an opinion on the financial statements of the discretely presented component unit of the Lisbon Community School District, as of and for the year ended June 30, 2020.

Opinions

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 12 and 49 through 55 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. I 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 my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

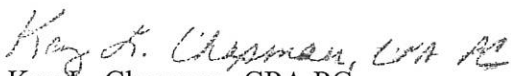
Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lisbon Community School District's basic financial statements. I 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. The financial statements for the five years ended June 30, 2015 (which are not presented herein) were audited by other auditors in accordance with the standards referred to in the third paragraph of this report who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated January 27, 2021, on my consideration of Lisbon Community School District's internal control over financial reporting and on my 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 my 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 Lisbon Community School District's internal control over financial reporting and compliance.


Kay L. Chapman, CPA PC
January 27, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lisbon 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 increased from \$7,538,068 in fiscal year 2019 to \$7,847,666 in fiscal year 2020. General Fund expenditures increased from \$7,622,511 in fiscal year 2019 to \$7,759,097 in fiscal year 2020. The District's General Fund balance increased from \$1,734,122 in fiscal year 2019 to \$1,819,201 in fiscal year 2020, an increase of 5%.
- The increase in General Fund revenues was attributable to increases in state source revenues in fiscal 2020. The increase in expenditures can be attributed to the increased cost of salaries and benefits, and increased building level expenditures.
- The District's solvency ratio (unassigned/general fund revenues) increased as compared to fiscal 2019. At June 30, 2019 the District's solvency ratio was 12.2% compared to 18.9% at June 30, 2020.

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 Lisbon Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental and business type activities services were financed in the short term as well as what remains for future spending. Fund financial statements report Lisbon Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds.

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.

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 three 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 and daycare program are included here.
- *Component Unit:* This includes the activities of the Lisbon Community School District Foundation. The District receives significant financial benefits from the Foundation although they are legally separate entities.

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 it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

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

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

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

2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and Daycare Fund.

The required financial statements for 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.

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-1 below provides a summary of the District's net position at June 30, 2020 compared to June 30, 2019.

Figure A-1
Condensed Statement of Net Position

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-2020
Current and other assets	\$ 8,966,975	\$11,723,277	\$ 121,651	\$ 172,161	\$ 9,088,626	\$11,895,438	-23.60%
Capital assets	<u>19,305,665</u>	<u>16,571,061</u>	<u>43,392</u>	<u>52,760</u>	<u>19,349,057</u>	<u>16,623,821</u>	16.39%
Total assets	<u>28,272,640</u>	<u>28,294,338</u>	<u>165,043</u>	<u>224,921</u>	<u>28,437,683</u>	<u>28,519,259</u>	-0.29%
Deferred outflows of resources	<u>852,680</u>	<u>951,161</u>	<u>119,342</u>	<u>131,762</u>	<u>972,022</u>	<u>1,082,923</u>	-10.24%
Long-term liabilities	15,915,784	16,843,247	546,377	560,155	16,462,161	17,403,402	-5.41%
Other liabilities	<u>1,146,250</u>	<u>1,700,314</u>	<u>79,393</u>	<u>92,634</u>	<u>1,225,643</u>	<u>1,792,948</u>	-31.64%
Total liabilities	<u>17,062,034</u>	<u>18,543,561</u>	<u>625,770</u>	<u>652,789</u>	<u>17,687,804</u>	<u>19,196,350</u>	-7.86%
Deferred inflows of resources	<u>3,638,553</u>	<u>3,317,926</u>	<u>301,278</u>	<u>181,914</u>	<u>3,939,831</u>	<u>3,499,840</u>	12.57%
Net position							
Net investment in capital assets	7,063,400	3,585,441	43,392	52,760	7,106,792	3,638,201	95.34%
Restricted	2,827,463	5,704,894	-	-	2,827,463	5,704,894	-50.44%
Unrestricted	<u>(1,466,130)</u>	<u>(1,906,323)</u>	<u>(686,055)</u>	<u>(530,780)</u>	<u>(2,152,185)</u>	<u>(2,437,103)</u>	11.69%
Total net position	<u>\$ 8,424,733</u>	<u>\$ 7,384,012</u>	<u>\$(642,663)</u>	<u>\$(478,020)</u>	<u>\$ 7,782,070</u>	<u>\$ 6,905,992</u>	12.69%

The District's total net position increased by 13%, or \$876,078 over 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 decreased \$2,877,431, or 50%, from the prior year. The decrease in restricted net position is mainly

decreased \$2,877,431, or 50%, from the prior year. The decrease in restricted net position is mainly attributable to the decrease in fund balance of the Capital Project – Building Project Fund.

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 – increased \$284,918, or 12%. This increase in unrestricted net position was a result of the District's additional charges for service, operating grants, and property tax revenue.

Figure A-2 shows the changes in net position for the year ended June 30, 2020 compared to the year ended June 30, 2019.

Figure A-2
Change in Net Position

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	2020	2019	2020	2019	2020	2019	2019-2020
Revenues							
Program revenues							
Charges for service	\$ 1,289,418	\$ 1,229,261	\$ 1,211,265	\$ 1,241,794	\$ 2,500,683	\$ 2,471,055	1.20%
Operating grants	1,217,866	1,170,763	145,567	166,793	1,363,433	1,337,556	1.93%
General revenues							
Property tax	3,448,701	3,231,754	-	-	3,448,701	3,231,754	6.71%
Statewide sales, services and use tax	660,035	663,014	-	-	660,035	663,014	-0.45%
Unrestricted state grants	3,075,395	3,145,235	-	-	3,075,395	3,145,235	-2.22%
Unrestricted investment earnings	129,203	170,597	1,717	1,544	130,920	172,141	-23.95%
Other	<u>74,569</u>	<u>126,163</u>	<u>-</u>	<u>-</u>	<u>74,569</u>	<u>126,163</u>	-40.89%
Total revenues	<u>9,895,187</u>	<u>9,736,787</u>	<u>1,358,549</u>	<u>1,410,131</u>	<u>11,253,736</u>	<u>11,146,918</u>	0.96%
Program expenses							
Governmental activities							
Instruction	5,129,098	5,542,529	-	-	5,129,098	5,542,529	-7.46%
Support services	2,658,611	2,352,304	-	-	2,658,611	2,352,304	13.02%
Non-instructional programs	-	-	1,523,192	1,463,080	1,523,192	1,463,080	4.11%
Other expenses	<u>1,066,757</u>	<u>1,541,705</u>	<u>-</u>	<u>-</u>	<u>1,066,757</u>	<u>1,541,705</u>	-30.81%
Total expenses	<u>8,854,466</u>	<u>9,436,538</u>	<u>1,523,192</u>	<u>1,463,080</u>	<u>10,377,658</u>	<u>10,899,618</u>	-4.79%
Change in net position	1,040,721	300,249	(164,643)	(52,949)	876,078	247,300	-254.26%
Net position beginning of year	<u>7,384,012</u>	<u>7,083,763</u>	<u>(478,020)</u>	<u>(425,071)</u>	<u>6,905,992</u>	<u>6,658,692</u>	3.71%
Net position end of year	<u>\$ 8,424,733</u>	<u>\$ 7,384,012</u>	<u>\$ (642,663)</u>	<u>\$ (478,020)</u>	<u>\$ 7,782,070</u>	<u>\$ 6,905,992</u>	12.69%

In fiscal year 2020, property tax and unrestricted state grants accounted for approximately 66% of governmental activities revenue while charges for service and sales and operating grants accounted for almost 100% of business type activities revenue. The District's total revenues were \$11,253,736, of which \$9,895,187 was for governmental activities and \$1,358,549 was for business type activities.

As shown in Figure A-2, the District as a whole experienced an increase in revenues of 1% and a 5% decrease in expenses. Operating grants, charges for services, and property tax revenues increased. Instruction and Other Program expenses decreased.

Governmental Activities

Revenues for governmental activities were \$9,895,187 and expenses were \$8,854,466 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-3

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2020	2019	2019-2020	2020	2019	2019-2020
Instruction	\$ 5,129,098	\$5,542,529	-7.5%	\$2,899,323	\$3,419,940	-15.2%
Support services	2,658,611	2,352,304	13.0%	2,658,611	2,352,304	13.0%
Other expenses	<u>1,066,757</u>	<u>1,541,705</u>	-30.8%	<u>789,248</u>	<u>1,264,270</u>	-37.6%
Total expenses	<u>\$ 8,854,466</u>	<u>\$9,436,538</u>	-6.2%	<u>\$6,347,182</u>	<u>\$7,036,514</u>	-9.8%

For the year ended June 30, 2020:

- The cost financed by users of the District’s programs was \$1,289,418.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,217,866.
- The net cost of governmental activities was financed with \$4,108,736 of property and other taxes and \$3,075,395 of unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2020 were \$1,358,549 representing a decrease of 4% from the prior year, while expenses totaled \$1,523,192, an increase of approximately 4% over the prior year. The District’s business type activities include the School Nutrition Fund and Daycare Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2020, the District increased meal prices to cover additional costs related to the program. The District considers meal price increases only when deemed necessary to meet the obligations of the School Nutrition Fund and State of Iowa guidelines.

During the year ended June 30, 2020 the District also increased tuition in the Lisbon Early Childhood Center (LECC) to cover additional program costs. Salaries and benefits, and supply costs continue to increase, making it necessary to review tuition pricing annually.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$4,504,982 compared to \$6,847,228 from 2019. The primary reason for the decrease in combined fund balances in fiscal 2020 is due to the passing of a \$9.21 million bond issue in 2019 and construction expenditures in 2020.

Governmental Fund Highlights

- The District's General Fund financial position is the result of many factors. Increased revenue is partially due to sharing agreements and an increase in state source revenues. Expenditures increased during the year in the support services expense area.
- The General Fund balance increased slightly from \$1,734,122 to \$1,819,201, due to an increase in revenues.
- The Management Fund balance increased from \$717,406 in 2019 to \$782,527 in 2020 due to increased property tax revenues.
- The Capital Projects - Statewide Sales, Services and Use Tax Fund balance increased from \$905,537 in 2019 to \$1,055,762 in 2020 due to increased sales tax revenues.
- The Capital Projects - Construction Project fund balance decreased from \$2,703,895 in 2019 to \$47,465 in 2020 due to FY20 construction project expenditures.
- The Debt Service fund balance decreased slightly from \$665,965 in 2019 to \$655,869 in 2020 due to decreased tax revenues needed for long-term debt costs.

Proprietary Fund Highlights

Enterprise Fund net position decreased from \$(478,020) at June 30, 2019 to \$(642,663) at June 30, 2020, a decrease of approximately 34%. This is due primarily to the increased net pension liability.

BUDGETARY HIGHLIGHTS

The District amended its budget by \$1,868,198 for expenditures related to the construction project during the year ended June 30, 2020.

The District's total revenues were \$256,746 more than budgeted revenues, a variance of approximately 2%. The most significant variance resulted from the District receiving more in unrestricted state grants than originally anticipated.

Total expenditures were \$3,335,197 less than budgeted, due primarily to additional expenses in the Total Support Services and Noninstructional Program areas.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had invested \$19,262,274 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-4) This represents a net increase of 16% over last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$407,289.

The original cost of the District's capital assets was \$26,552,496. Governmental funds account for \$26,353,968, with the remainder of \$198,528 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category, which increased by \$3,057,557 due to on-going construction work during the year ended June 30, 2020.

Figure A-4

	Capital Assets, Net of Depreciation						
	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2019-2020</u>
Land	\$ 616,395	\$ 616,395	\$ -	\$ -	\$ 616,395	\$ 616,395	0.00%
Construction in progress	8,818,692	5,761,135	-	-	8,818,692	5,761,135	53.07%
Buildings and improvements	9,228,363	9,514,874	-	-	9,228,363	9,514,874	-3.01%
Improvements, other than buildings	422,079	462,682	-	-	422,079	462,682	-8.78%
Furniture and equipment	<u>220,136</u>	<u>215,975</u>	<u>(43,391)</u>	<u>52,760</u>	<u>176,745</u>	<u>268,735</u>	-34.23%
Totals	<u>\$19,305,665</u>	<u>\$16,571,061</u>	<u>\$ (43,391)</u>	<u>\$ 52,760</u>	<u>\$ 19,262,274</u>	<u>\$ 16,623,821</u>	15.87%

Long-Term Debt

At June 30, 2020, the District had \$16,462,161 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of approximately 5% from last year (see Figure A-5). Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$9.5 million. The District received permission from the State of Iowa to exceed this limit.

Figure A-5

	Outstanding Long-term Obligations		
	Total		Total
	District		Change
	June 30,		June 30,
	<u>2020</u>	<u>2019</u>	<u>2019-2020</u>
Governmental activities			
General obligation bonds	\$ 8,625,000	\$ 8,985,000	-4.01%
Revenue bonds	3,410,000	3,690,000	-7.59%
Capital leases	207,265	310,620	-33.27%
Termination benefits	124,699	127,447	-2.16%
Compensated absences	3,531	10,249	-65.55%
Net pension liability	3,155,627	3,320,239	-4.96%

Net OPEB liability	<u>389,662</u>	<u>399,692</u>	-2.51%
	<u>15,915,784</u>	<u>16,843,247</u>	-5.51%
Business type activities			
Compensated absences	15,505	20,063	-22.72%
Net pension liability	461,744	490,948	-5.95%
Net OPEB liability	<u>69,128</u>	<u>49,144</u>	40.66%
	<u>546,377</u>	<u>560,155</u>	-2.46%
Totals	<u>\$ 16,462,161</u>	<u>\$17,403,402</u>	-5.41%

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 which could significantly affect its financial health in the future:

- The Lisbon School District will continue to focus on attracting students through the continued growth of the LECC (Lisbon Early Childcare Center), 4-year-old state funded Preschool, additional class offerings at the secondary level, and sharing opportunities with other districts.
- The amount of supplemental state aid will continue to have a major impact on the District's finances, as the cost of salaries and benefits continues to increase annually.
- A shortage of available housing within the Lisbon School District boundaries will continue to have a negative impact on enrollment. Open enrollment numbers remain healthy, which helps to offset the negative housing impact.

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 Laurie Maher, District Secretary/Treasurer and Business Manager, Lisbon Community School District, PO Box 839, 235 West School Street, Lisbon, Iowa, 52253.

Basic Financial Statements

LISBON COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

Exhibit A

Assets	Governmental Activities	Business Type Activities	Total	Component Unit Foundation
Cash, cash equivalents and pooled investments				
Cash with fiscal agent	\$ 638,616	\$ -	\$ 638,616	\$ -
Other	4,319,687	62,562	4,382,249	335,914
Receivables				
Property tax				
Delinquent	37,454	-	37,454	-
Succeeding year	3,389,584	-	3,389,584	-
Accounts receivable	18,219	16,599	34,818	-
Income surtaxes	39,464	-	39,464	-
Due from other governments	523,951	31,891	555,842	-
Inventories	-	10,599	10,599	-
Non-depreciable capital assets	9,435,087	-	9,435,087	-
Capital assets, net of accumulated depreciation	9,870,578	43,392	9,913,970	-
Total assets	28,272,640	165,043	28,437,683	335,914
Deferred Outflows of Resources				
Pension related deferred outflows	852,680	119,342	972,022	-
Liabilities				
Accounts payable	461,728	270	461,998	-
Salaries and benefits payable	568,159	79,123	647,282	-
Accrued interest payable	116,363	-	116,363	-
Long-term liabilities				
Portion due within one year				
General obligation bonds payable	370,000	-	370,000	-
Revenue bonds payable	285,000	-	285,000	-
Capital leases payable	106,474	-	106,474	-
Termination benefits payable	92,660	-	92,660	-
Portion due after one year				
General obligation bonds payable	8,255,000	-	8,255,000	-
Revenue bonds payable	3,125,000	-	3,125,000	-
Capital leases payable	100,791	-	100,791	-
Termination benefits payable	32,039	-	32,039	-
Compensated absences	3,531	15,505	19,036	-
Net pension liability	3,155,627	461,744	3,617,371	-
Total OPEB liability	389,662	69,128	458,790	-
Total liabilities	17,062,034	625,770	17,687,804	-

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

Exhibit A

	Governmental Activities	Business Type Activities	Total	Component Unit Foundation
Deferred Inflows of Resources				
Unavailable property tax revenue	\$ 3,389,584	\$ -	\$ 3,389,584	\$ -
Pension related deferred inflows	248,969	301,278	550,247	-
Total deferred inflows of resources	3,638,553	301,278	3,939,831	-
Net Position				
Net investment in capital assets	7,063,400	43,392	7,106,792	-
Restricted for				
Categorical funding	382,744	-	382,744	-
Management levy	657,828	-	657,828	-
Physical plant and equipment	83,498	-	83,498	-
Student activities	60,660	-	60,660	-
Debt services	539,506	-	539,506	-
School infrastructure	1,103,227	-	1,103,227	-
Assigned for scholarships	-	-	-	335,914
Unrestricted	(1,466,130)	(686,055)	(2,152,185)	-
Total net position	\$ 8,424,733	\$(642,663)	\$ 7,782,070	\$ 335,914

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2020

Exhibit B

Functions/Programs Primary Government	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Component Unit		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total	Foundation
Governmental activities								
Instruction								
Regular instruction	\$ 3,690,110	\$ 991,661	\$ 909,572	\$ -	\$(1,788,877)	-	\$ (1,788,877)	
Special instruction	739,456	207,858	26,647	-	(504,951)	-	(504,951)	
Other instruction	699,532	89,899	4,138	-	(605,495)	-	(605,495)	
	5,129,098	1,289,418	940,357	-	(2,899,323)	-	(2,899,323)	
Support services								
Student	200,128	-	-	-	(200,128)	-	(200,128)	
Instructional staff	310,553	-	-	-	(310,553)	-	(310,553)	
Administration	966,507	-	-	-	(966,507)	-	(966,507)	
Operation and maintenance of plant	885,212	-	-	-	(885,212)	-	(885,212)	
Transportation	296,211	-	-	-	(296,211)	-	(296,211)	
	2,658,611	-	-	-	(2,658,611)	-	(2,658,611)	
Other expenses								
Facilities acquisition	1,920	-	-	-	(1,920)	-	(1,920)	
Long-term debt interest	424,395	-	-	-	(424,395)	-	(424,395)	
AEA flowthrough	277,509	-	277,509	-	-	-	-	
Depreciation (unallocated) *	362,933	-	-	-	(362,933)	-	(362,933)	
	1,066,757	-	277,509	-	(789,248)	-	(789,248)	
Total governmental activities	8,854,466	1,289,418	1,217,866	-	(6,347,182)	-	(6,347,182)	

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2020

Exhibit B

Functions/Programs (continued) Primary Government (continued)	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Component Unit
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Primary Government	
Business type activities	\$ 425,657	\$ 307,795	\$ 110,811	\$ -	\$ (7,051)	\$ (7,051)
Non-instructional programs	1,097,535	903,470	34,756	-	(159,309)	(159,309)
Food service operations	1,523,192	1,211,265	145,567	-	(166,360)	(166,360)
Daycare program	10,377,658	2,500,683	1,363,433	-	(166,360)	(6,513,542)
Total business type activities	<u>\$10,377,658</u>	<u>\$ 2,500,683</u>	<u>\$ 1,363,433</u>	<u>\$ -</u>	<u>\$ (642,663)</u>	<u>\$ (6,513,542)</u>
Total primary government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,978)</u>
General Revenues						
Property tax levied for						
General purposes						
Debt service						
Capital outlay						
Statewide sales, services and use tax						
Unrestricted state grants						
Contributions and donations						
Unrestricted investment earnings						
Miscellaneous						
Total general revenues						
Change in net position						
Net position beginning of year						
Net position end of year						
	2,627,205	640,922	180,574	660,035	3,075,395	2,627,205
	640,922	180,574	660,035	3,075,395	-	640,922
	180,574	660,035	3,075,395	-	-	180,574
	660,035	3,075,395	-	-	-	660,035
	3,075,395	-	-	-	-	3,075,395
	-	-	-	-	-	-
	129,203	74,569	7,387,903	1,040,721	1,717	130,920
	74,569	7,387,903	1,040,721	7,384,012	1,717	74,569
	7,387,903	1,040,721	7,384,012	8,424,733	(164,643)	7,389,620
	1,040,721	7,384,012	8,424,733	-	(478,020)	876,078
	8,424,733	-	-	-	(642,663)	6,905,992
	<u>\$ 8,424,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (642,663)</u>	<u>\$ 7,782,070</u>

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2020

Exhibit C

	Capital Projects							Total
	General	Special Revenue Management	Statewide			Debt Service	Nonmajor Governmental Funds	
			Service and Use Tax	Building Project				
Assets								
Cash, cash equivalents and pooled investments								
Cash with fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ 638,616	\$ -	\$ -	\$ 638,616
Other	2,018,037	786,213	1,000,188	369,083	9,848	133,260	4,316,629	
Receivables								
Property tax								
Delinquent	25,232	2,870	-	-	7,296	2,056	37,454	
Succeeding year	2,360,771	199,999	-	-	639,719	189,095	3,389,584	
Accounts receivable	5,772	-	-	-	-	12,447	18,219	
Income surtax	39,464	-	-	-	-	-	39,464	
Due from other governments	468,194	44	55,574	-	109	30	523,951	
Due from other funds	-	-	-	-	-	3,490	3,490	
Total assets	<u>\$4,917,470</u>	<u>\$989,126</u>	<u>\$1,055,762</u>	<u>\$369,083</u>	<u>\$1,295,588</u>	<u>\$340,378</u>	<u>\$8,967,407</u>	
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts payable	\$ 126,627	\$ 6,600	\$ -	\$321,618	\$ -	\$ 6,883	\$ 461,728	
Salaries and benefits payable	567,917	-	-	-	-	242	568,159	
Due to other funds	3,490	-	-	-	-	-	3,490	
Total liabilities	<u>698,034</u>	<u>6,600</u>	<u>-</u>	<u>321,618</u>	<u>-</u>	<u>7,125</u>	<u>1,033,377</u>	
Deferred inflows of resources								
Unavailable revenue								
Succeeding year property tax	2,360,771	199,999	-	-	639,719	189,095	3,389,584	
Income surtax	39,464	-	-	-	-	-	39,464	
Total deferred inflows of resources	<u>2,400,235</u>	<u>199,999</u>	<u>-</u>	<u>-</u>	<u>639,719</u>	<u>189,095</u>	<u>3,429,048</u>	

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2020

Exhibit C

	Capital Projects							Nonmajor Governmental Funds	Total
	General	Special Revenue Management	Statewide Sales, Service and Use Tax	Building Project	Debt Service				
Fund balances	\$ 382,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 382,744	
Restricted for									
Categorical funding	-	-	-	-	-	-	-	-	
School infrastructure	-	-	1,055,762	47,465	-	-	-	1,103,227	
Debt service	-	-	-	-	655,869	-	-	655,869	
Student activities	-	-	-	-	-	-	60,660	60,660	
Management levy purposes	-	782,527	-	-	-	-	-	782,527	
Physical plant and equipment	-	-	-	-	-	-	83,498	83,498	
Unassigned	1,436,457	-	-	-	-	-	-	1,436,457	
Total fund balances	<u>1,819,201</u>	<u>782,527</u>	<u>1,055,762</u>	<u>47,465</u>	<u>655,869</u>	<u>144,158</u>	<u>4,504,982</u>		
Total liabilities, deferred inflows of resources and fund balances	<u>\$4,917,470</u>	<u>\$989,126</u>	<u>\$1,055,762</u>	<u>\$369,083</u>	<u>\$1,295,588</u>	<u>\$340,378</u>	<u>\$8,967,407</u>		

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 June 30, 2020

Exhibit D

Total fund balances of governmental funds	\$ 4,504,982
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	19,305,665
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	39,464
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.	(116,363)
Pension 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	\$852,680
Deferred inflows of resources	<u>(248,969)</u> 603,711
The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.	3,058
Long-term liabilities, including bonds payable, early retirement payable and other postemployment benefits payable and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(15,915,784)</u>
 Net position of governmental activities	 <u>\$ 8,424,733</u>

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2020

	Capital Projects							Total
	Statewide			Debt Service	Nonmajor Governmental Funds	Total		
	General	Special Revenue Management	Statewide Sales, Service and Use Tax					
Revenues								
Local sources								
Local tax	\$2,235,451	\$249,152	\$ -	\$ 638,108	\$ 179,781	\$3,302,492		
Tuition	1,113,868	-	-	-	-	1,113,868		
Other	66,179	7,053	41,826	8,583	172,544	379,317		
State sources	4,311,115	1,128	660,035	2,814	793	4,975,885		
Federal sources	121,053	-	-	-	-	121,053		
Total revenues	<u>7,847,666</u>	<u>257,333</u>	<u>701,861</u>	<u>649,505</u>	<u>353,118</u>	<u>9,892,615</u>		
Expenditures								
Current								
Instruction								
Regular	3,863,661	66,826	-	-	225	3,930,712		
Special	727,425	-	-	-	72	727,497		
Other	515,492	-	-	-	172,726	688,218		
	<u>5,106,578</u>	<u>66,826</u>	<u>-</u>	<u>-</u>	<u>173,023</u>	<u>5,346,427</u>		
Support services								
Student	195,899	-	-	-	-	195,899		
Instructional staff	307,633	-	-	-	-	307,633		
Administration	901,471	54,483	-	-	-	955,954		
Operation and maintenance of plant	754,482	57,573	-	-	61,269	873,324		
Transportation	215,525	13,330	29,371	-	28,479	286,705		
	<u>2,375,010</u>	<u>125,386</u>	<u>29,371</u>	<u>-</u>	<u>89,748</u>	<u>2,619,515</u>		

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2020

	Capital Projects							Total
	Statewide							
	General	Special Revenue Management	Statewide Sales, Service and Use Tax	Building Project	Debt Service	Nonmajor Governmental Funds		
Expenditures (continued)								
Other expenditures								
Facilities acquisition	\$ -	\$ -	\$ 1,000	\$ 2,739,562	\$ -	\$ 69,982	\$ 2,810,544	
Long-term debt								
Principal	-	-	-	-	743,355	-	743,355	
Interest and fiscal charges	-	-	-	-	437,511	-	437,511	
AEA flowthrough	277,509	-	-	-	-	-	277,509	
	<u>277,509</u>	<u>-</u>	<u>1,000</u>	<u>2,739,562</u>	<u>1,180,866</u>	<u>69,982</u>	<u>4,268,919</u>	
Total expenditures	<u>7,759,097</u>	<u>192,212</u>	<u>30,371</u>	<u>2,739,562</u>	<u>1,180,866</u>	<u>332,753</u>	<u>12,234,861</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>88,569</u>	<u>65,121</u>	<u>671,490</u>	<u>(2,656,430)</u>	<u>(531,361)</u>	<u>20,365</u>	<u>(2,342,246)</u>	
Other financing sources (uses)								
Transfers in	-	-	-	-	521,265	3,490	524,755	
Transfers (out)	(3,490)	-	(521,265)	-	-	-	(524,755)	
Total other financing sources (uses)	<u>(3,490)</u>	<u>-</u>	<u>(521,265)</u>	<u>-</u>	<u>521,265</u>	<u>3,490</u>	<u>-</u>	
Change in fund balances	85,079	65,121	150,225	(2,656,430)	(10,096)	23,855	(2,342,246)	
Fund balance, beginning of year	<u>1,734,122</u>	<u>717,406</u>	<u>905,537</u>	<u>2,703,895</u>	<u>665,965</u>	<u>120,303</u>	<u>6,847,228</u>	
Fund balance, end of year	<u>\$1,819,201</u>	<u>\$782,527</u>	<u>\$1,055,762</u>	<u>\$ 47,465</u>	<u>\$ 655,869</u>	<u>\$ 144,158</u>	<u>\$4,504,982</u>	

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances - Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2020

Exhibit F

Change in fund balances - total governmental funds \$(2,342,246)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. These costs are not reported in the Statement of Activities, but they are allocated over the estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense in the current year are as follows:

Expenditures for capital assets	\$3,132,524	
Depreciation expense	<u>(397,920)</u>	2,734,604

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

Other	2,567
-------	-------

The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.

2,473

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

743,355

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	2,748	
Compensated absences	6,718	
Pension expense	(578,164)	
Other postemployment benefits	<u>10,030</u>	(558,668)

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.

13,116

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.

445,520

Change in net position of governmental activities \$ 1,040,721

LISBON COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2020

Exhibit G

	Business Type Activity			Governmental
	Major	Nonmajor	Total	Activity
	LECCEC (Daycare)	School Nutrition	Enterprise Funds	Internal Service Fund
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 77,853	\$ 77,853	\$ 3,058
Accounts receivable	-	16,599	16,599	-
Due from other governments	387	31,504	31,891	-
Due from other fund	-	47,527	47,527	-
Inventories	1,864	8,735	10,599	-
Total current assets	<u>2,251</u>	<u>182,218</u>	<u>184,469</u>	<u>3,058</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation	<u>2,635</u>	<u>40,757</u>	<u>43,392</u>	<u>-</u>
Total assets	<u>4,886</u>	<u>222,975</u>	<u>227,861</u>	<u>3,058</u>
Deferred Outflows of Resources				
Pension related deferred outflows	<u>94,667</u>	<u>24,675</u>	<u>119,342</u>	<u>-</u>
Liabilities				
Current liabilities				
Warrants in excess of bank balance	15,291	-	15,291	-
Accounts payable	-	270	270	-
Accrued salaries and benefits	68,468	10,655	79,123	-
Due to other fund	47,527	-	47,527	-
Total current liabilities	<u>131,286</u>	<u>10,925</u>	<u>142,211</u>	<u>-</u>
Noncurrent liabilities				
Compensated absences	15,505	-	15,505	-
Total OPEB liability	56,202	12,926	69,128	-
Net pension liability	375,495	86,249	461,744	-
Total noncurrent liabilities	<u>447,202</u>	<u>99,175</u>	<u>546,377</u>	<u>-</u>
Total liabilities	<u>578,488</u>	<u>110,100</u>	<u>688,588</u>	<u>-</u>
Deferred Inflows of Resources				
Pension related deferred inflows	<u>243,946</u>	<u>57,332</u>	<u>301,278</u>	<u>-</u>
Net Position				
Net investment in capital assets	2,635	40,757	43,392	-
Unrestricted	<u>(725,516)</u>	<u>39,461</u>	<u>(686,055)</u>	<u>3,058</u>
Total net position	<u>\$ (722,881)</u>	<u>\$ 80,218</u>	<u>\$ (642,663)</u>	<u>\$ 3,058</u>

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

Exhibit H

	Business Type Activity			Governmental
	Major	Nonmajor	Total	Activity
	LECCEC (Daycare)	School Nutrition	Enterprise Funds	Internal Service Fund
Operating revenue				
Local sources				
Charges for service	\$ 903,470	\$ 307,795	\$1,211,265	\$ -
Employee contributions	-	-	-	25,970
Total operating revenue	903,470	307,795	1,211,265	25,970
Operating expenses				
Non-instructional programs				
Food service operations				
Salaries	-	139,574	139,574	-
Benefits	-	71,337	71,337	-
Supplies	-	206,255	206,255	-
Depreciation	-	8,491	8,491	-
	-	425,657	425,657	-
Daycare program				
Salaries	652,836	-	652,836	-
Benefits	314,304	-	314,304	-
Supplies	129,517	-	129,517	-
Miscellaneous	878	-	878	-
	1,097,535	-	1,097,535	-
Other enterprise				
Benefits	-	-	-	23,502
Total non-instructional programs	1,097,535	425,657	1,523,192	23,502
Total operating expenses	1,097,535	425,657	1,523,192	23,502
Operating income (loss)	(194,065)	(117,862)	(311,927)	2,468
Non-operating revenues				
Interest income	496	1,221	1,717	5
State sources	-	2,364	2,364	-
Federal sources	34,756	108,447	143,203	-
Total non-operating revenues	35,252	112,032	147,284	5
Change in net position	(158,813)	(5,830)	(164,643)	2,473
Net position beginning of year	(564,068)	86,048	(478,020)	585
Net position end of year	\$(722,881)	\$ 80,218	\$ (642,663)	\$ 3,058

LISBON COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

Exhibit I

	Business Type Activity			Governmental
	Major	Nonmajor	Total	Activity
	LECCEC (Daycare)	School Nutrition	Enterprise Funds	Internal Service Fund
Cash flows from operating activities				
Cash received from sale of services	\$ 904,270	\$ 295,735	\$1,200,005	\$ -
Cash received from other operations	-	-	-	25,970
Cash provided by payments to employees for services	(807,291)	(237,467)	(1,044,758)	(23,502)
Cash provided by payments to suppliers for goods and services	(140,518)	(193,065)	(333,583)	-
Net cash provided by (used in) operating activities	<u>(43,539)</u>	<u>(134,797)</u>	<u>(178,336)</u>	<u>2,468</u>
Cash flows from non-capital financing activities				
State grants received	-	2,364	2,364	-
Federal grants received	38,654	101,966	140,620	-
Net cash provided by non-capital financing activities	<u>38,654</u>	<u>104,330</u>	<u>142,984</u>	<u>-</u>
Cash flows from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Interest on investments	496	1,221	1,717	5
Net increase (decrease) in cash and cash equivalents	(4,389)	(29,246)	(33,635)	2,473
Cash and cash equivalents, beginning of year	4,389	107,099	111,488	585
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 77,853</u>	<u>\$ 77,853</u>	<u>\$ 3,058</u>
Reconciliation of operating income (loss) to				
net cash provided by (used in) operating activities				
Operating income (loss)	\$ (194,065)	\$(117,862)	\$ (311,927)	\$ 2,468
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	-	8,491	8,491	-
Commodities used	-	20,141	20,141	-
Change in assets and liabilities:				
Accounts receivable	800	(12,060)	(11,260)	-
Inventories	1,013	(5,727)	(4,714)	-
Due from other funds	-	(47,527)	(47,527)	-
Deferred outflows of resources	10,098	2,322	12,420	-
Net pension liability	(23,743)	(5,461)	(29,204)	-
Deferred inflows of resources	97,046	22,318	119,364	-
Compensated absences	(4,431)	(127)	(4,558)	-
OPEB liability	16,887	3,097	19,984	-
Accounts payable	(12,014)	(1,225)	(13,239)	-
Due to other funds	63,696	-	63,696	-
Accrued salaries and benefits	1,174	(1,177)	(3)	-
Net cash provided by (used in) operating activities	<u>\$ (43,539)</u>	<u>\$(134,797)</u>	<u>\$ (178,336)</u>	<u>\$ 2,468</u>

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2020, the District received \$20,141 of federal commodities.

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies

Lisbon Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The District also operates a state-funded four-year-old preschool and an A/K program. The geographic area served includes the City of Lisbon, Iowa, and the predominate agricultural territory in Cedar, Linn, Jones and Johnson Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Lisbon 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. Lisbon Community School District has one component unit which meets the Governmental Accounting Standards Board criteria.

These financial statements present the Lisbon Community School District (the primary government) and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational or financial relationship with the District.

Discretely Presented Component Unit

The Lisbon Community School District Foundation was created to raise money through contributions and fundraisers to benefit the District. The Foundation is a separate legal entity with its own accounting records and board of trustees. The trustees are elected for 3-year terms from nominations submitted by the Board of Education of the District. The Foundation does not produce separately prepared financial statements. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented. The Foundation is accounted for as a Governmental Fund in these financial statements. The Foundation financial statements are shown in the Statement of Net Position and the Statement of Activities in separate columns. As explained in the Independent Auditor's opinion, the Foundation financial statements have not been audited.

Jointly Governed Organization

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

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the 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 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 are imposed by law through constitutional provisions or enabling legislation.

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

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

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds and proprietary funds are aggregated and reported as nonmajor governmental funds and nonmajor proprietary funds.

The District reports the following major governmental funds:

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

The Management Levy Fund is utilized to account for the property tax and other revenues used for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

The Capital Projects Statewide Sales, Services and Use Tax Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets from the revenue of the Statewide Sales, Services and Use Tax.

The Capital Projects - Building Project Fund is used to account for the revenue and expenditures associated with the building project to construct a performing arts auditorium, track and building renovations.

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

The District reports one major proprietary fund. The LECCEC (Daycare) Fund is used to account for child care services provided by the District.

The District also reports the following nonmajor proprietary funds. The District's School Nutrition Fund is used to account for the food service operations of the District.

Additionally, the District reports an Internal Service Fund which is used to account for the flex-benefit plan for District employees.

C. Measurement Focus and Basis of Accounting

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

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

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

only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims, judgments and early retirement 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 are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

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

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

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

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

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 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, furniture and equipment 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	\$ 5,000
Buildings	\$ 5,000
Improvements other than buildings	\$ 5,000
Intangibles	\$25,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 5,000

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

<u>Asset Class</u>	<u>Useful Life</u>
Buildings	10-50 years
Improvements to buildings	20 years
Intangibles	2 or more years
Furniture and equipment	5-12 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension 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.

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.

Termination Benefits - District licensed employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on rates of pay in effect at June 30, 2020. The early retirement liability attributable to the governmental activities will be paid primarily from the Management 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 by the General Fund.

Total OPEB Liability - For purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on the Lisbon District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund, the Enterprise, School Nutrition Fund and the Enterprise, LECCEC (Daycare) Fund.

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

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

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.

Fund Balance - 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 are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned - All amounts not included in the preceding classifications.

Net Position - In the district-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Net position restricted through enabling legislation includes \$83,498 for physical plant and equipment, \$60,660 for student activities, \$1,103,227 for school infrastructure and \$657,828 for management levy purposes.

E. Budgets and Budgetary Accounting

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

F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to 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 \$369,083. There were no limitations or restrictions on withdrawals of the ISJIT investment. The investments with ISJIT were rated AAAM by Standard & Poor's Financial Services.

Component Unit Investments - The Foundation had investments in mutual funds totaling \$292,780 at June 30, 2020.

Note 3. Due To and From Other Fund

Details of interfund receivables and payables at June 30, 2020 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Non-major Enterprise	Major Enterprise	
School Nutrition	LECCEC Daycare Fund	\$ 47,527

Non-major special revenue		
Student Activity	General	3,490
Totals		<u>\$ 51,017</u>

The General Fund owes the Student Activity Fund for safety equipment and the LECCEC Daycare Fund owes the School Nutrition Fund for food purchases. These amounts are shown on the financial statements as a Due From and Due To Other Fund. These amounts are expected to be paid during the year ending June 30, 2021.

Note 4. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	Amount
Major Governmental	Nonmajor Capital Projects	
Debt Service	Statewide Sales, Service and Use Tax	\$ 521,265
Nonmajor Special Revenue		
Student Activity	General	<u>3,490</u>
		<u>\$ 524,755</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfer from the Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was for principal and interest payments on debt.

Note 5. Capital Assets

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

<u>Governmental activities</u>	Balance, Beginning of Year	<u>Additions</u>	<u>Deletions</u>	Balance, End of Year
Capital assets not being depreciated:				
Land	\$ 616,395	\$ -	\$ -	\$ 616,395
Construction in progress	<u>5,761,135</u>	<u>3,057,557</u>	-	<u>8,818,692</u>
Total capital assets, not being depreciated	<u>6,377,530</u>	<u>3,057,557</u>	-	<u>9,435,087</u>
Capital assets being depreciated:				
Buildings and improvements	14,766,403	11,675	-	14,778,078
Improvements other than buildings	835,703	-	-	835,703
Furniture and equipment	<u>1,254,743</u>	<u>63,292</u>	<u>(12,935)</u>	<u>1,305,100</u>
Total capital assets being depreciated	<u>16,856,849</u>	<u>74,967</u>	<u>(12,935)</u>	<u>16,918,881</u>

Less accumulated depreciation for:

Buildings and improvements	5,251,529	298,186	-	5,549,715
Improvements other than buildings	373,021	40,603	-	413,624
Furniture and equipment	<u>1,038,768</u>	<u>59,131</u>	<u>(12,935)</u>	<u>1,084,964</u>
Total accumulated depreciation	<u>6,663,318</u>	<u>397,920</u>	<u>(12,935)</u>	<u>7,048,303</u>
Total capital assets being depreciated, net	<u>10,193,531</u>	<u>(322,953)</u>	-	<u>9,870,578</u>
Governmental activities capital assets, net	<u>\$ 16,571,061</u>	<u>\$ 2,734,604</u>	<u>\$ -</u>	<u>\$ 19,305,665</u>

Business type activities

Furniture and equipment	\$ 198,528	\$ -	\$ -	\$ 198,528
Less accumulated depreciation	<u>145,768</u>	<u>9,369</u>	-	<u>155,137</u>
Business type activities capital assets, net	<u>\$ 52,760</u>	<u>\$ (9,369)</u>	<u>\$ -</u>	<u>\$ 43,391</u>

Depreciation expense was charged to the following functions:

Governmental activities

Support services

Operation and maintenance of plant \$ 4,640

Transportation 30,347

34,987

Unallocated 362,933

Total governmental activities depreciation expense \$ 397,920

Business-type activities

Food services \$ 8,491

Preschool program 878

Total business-type activities \$ 9,369

Note 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					
General obligation bonds	\$ 8,985,000	\$ -	\$ 360,000	\$ 8,625,000	\$ 370,000
Revenue bonds	3,690,000	-	280,000	3,410,000	285,000
Capital leases	310,620	-	103,355	207,265	106,474
Termination benefits	127,447	64,078	66,826	124,699	92,660
Compensated absences	10,249	-	6,718	3,531	-
Net pension liability	3,320,239	-	164,612	3,155,627	-
Net OPEB liability	<u>399,692</u>	-	<u>10,030</u>	<u>389,662</u>	-
Totals	<u>\$ 16,843,247</u>	<u>\$ 64,078</u>	<u>\$ 991,541</u>	<u>\$ 15,915,784</u>	<u>\$ 854,134</u>

Business type activities

Compensated absences	\$ 20,063	\$ -	\$ 4,558	\$ 15,505	\$ -
Net pension liability	490,948	-	29,204	461,744	-
Net OPEB liability	<u>49,144</u>	<u>19,984</u>	<u>-</u>	<u>69,128</u>	<u>-</u>
Totals	<u>\$ 560,155</u>	<u>\$ 19,984</u>	<u>\$ 33,762</u>	<u>\$ 546,377</u>	<u>\$ -</u>

Interest costs incurred and charged to expense on all long-term debt was \$424,395 for the year ended June 30, 2020. During the year ended June 30, 2020, the District made principal payments on total long-term debt of \$743,355.

Termination Benefits

The Board reviews early retirement each year to determine whether or not to offer it to employees. The District offered a voluntary early retirement plan to its licensed employees for the year ended June 30, 2020. An employee is deemed to be eligible for this program when they have completed at least ten years of consecutive contract service as a full-time licensed employee with the Lisbon Community School District and will have attained at least fifty-five years of age on or before July 1 of the current fiscal year. The maximum number of eligible employees that can retire under the District's early retirement plan in any year is six employees, which is determined on a seniority basis. Employees must complete an application which is required to be approved by the Board of Education. An employee will be deemed to be in their first year of eligibility during the fiscal year in which they meet both longevity and age criteria for the first time. Early retirement benefits are equal to 50% of current base salary to be paid out equally over two years into an HRA (Health Retirement Account).

At June 30, 2020 the District had obligations to seven former employees for a total of \$124,699.

General Obligation Bonds

On May 16, 2018, the District issued \$9,210,000 of general obligation bonds to be used for the construction project that started during the year ended June 30, 2019.

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

Year	Bond Issue of May 16, 2018				
	Ending June 30,	Interest Rates	Principal	Interest	Total
2021		3.00%	\$ 370,000	\$ 269,719	\$ 639,719
2022		3.00%	380,000	258,619	638,619
2023		3.00%	390,000	247,219	637,219
2024		3.00%	405,000	235,519	640,519
2025		3.00%	420,000	223,369	643,369
2026-2030		3.00%	2,300,000	920,344	3,220,344
2031-2035		3.00-3.375%	2,515,000	558,219	3,073,219
2036-2038		3.375-3.5%	<u>1,845,000</u>	<u>128,268</u>	<u>1,973,268</u>
Totals			<u>\$ 8,625,000</u>	<u>\$ 2,841,276</u>	<u>\$ 11,466,276</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,	Bond issue of July 1, 2011			
	Interest Rates	Principal	Interest	Total
2021	3.25%	\$ 285,000	\$ 136,728	\$ 421,728
2022	3.65%	295,000	126,752	421,752
2023	3.75%	305,000	115,986	420,986
2024	3.85%	320,000	104,548	424,548
2025	4.00%	330,000	92,228	422,228
2026-2030	4.35%	<u>1,875,000</u>	<u>245,662</u>	<u>2,120,662</u>
Totals		<u>\$ 3,410,000</u>	<u>\$ 821,904</u>	<u>\$ 4,231,904</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,475,000 of bonds issued July 1, 2011. The bonds were issued for the purpose of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require over 64% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$4,231,904 at June 30, 2020. For the current year, principal of \$280,000 and \$145,828 of interest was paid on the bonds. Total statewide sales, services and use tax revenues were \$660,035 for the year ended June 30, 2020.

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

- a) \$425,865 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirement of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Capital Lease

On January 6, 2018 the District entered into a capital lease for the purchase of student computers. The lease bears interest at 2.861%. Four payments of \$109,520.29 are due annually

beginning July 15, 2018. The following is a schedule of future minimum lease payments under the capital leases, together with the net present value of the minimum lease payments as of June 30, 2020.

	Year Ending <u>June 30,</u>	Computer <u>Lease</u>
Annual lease payment	2021	\$ 109,520
Annual lease payment	2022	<u>109,521</u>
Minimum lease payments		219,041
Less amount representing interest		<u>11,776</u>
Present value of minimum lease payments		<u>\$ 207,265</u>

Note 7. Pension Plan

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

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

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

member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

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

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

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

In fiscal year 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 totaled \$445,520.

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 \$3,617,371 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 0.062052%, which was an increase of 0.001808 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$10,030. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,028	\$ 130,062
Changes of assumptions	387,472	-
Net difference between projected and actual earnings on IPERS' investments	-	407,634
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	128,928	12,551
District contributions subsequent to the measurement date	<u>445,594</u>	<u>-</u>
Total	<u>\$ 972,022</u>	<u>\$ 550,247</u>

\$445,594 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 <u>June 30,</u>	
2021	\$ 102,085
2022	(53,736)
2023	(30,889)
2024	(43,244)
2025	<u>1,965</u>
Total	<u>\$ (23,819)</u>

There were no non-employer contributing entities to IPERS.

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

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary 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% 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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100.0%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS'

fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
District's proportionate share of the net pension liability	\$6,423,284	\$3,617,371	\$1,263,803

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 no payables to IPERS for legally required District contributions nor for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

Note 8. Other Postemployment Benefits (OPEB)

Plan Description - The District administers a single-employer benefit plan which provides medical, prescription drug and dental 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 Lisbon 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	0
Active employees	<u>94</u>
Total	<u>94</u>

Total OPEB Liability - The District's total OPEB liability of \$458,790 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

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

Rate of Inflation (effective June 30, 2020)	3.00% per annum.
Rates of salary increase (effective June 30, 2020)	3.50% per annum.
Discount rate (effective June 30, 2020)	2.21% per annum.
Healthcare cost trend rate (effective June 30, 2020)	6.50% initial rate decreasing down to an ultimate rate of 5.2%

Discount Rate - The discount rate used to measure the total OPEB liability was 2.21% 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-2104 projected to 2030 using Scale MP-14. 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

	Total OPEB Liability
Total OPEB liability beginning of year	<u>\$ 448,836</u>
Changes for the year:	
Service cost	46,376
Interest	17,230
Differences between expected and actual experiences	(191,245)
Changes in assumptions	143,433
Benefit payments	<u>(5,840)</u>
Net changes	<u>9,954</u>
Total OPEB liability end of year	<u>\$ 458,790</u>

Changes of assumptions reflect a change in the discount rate from 3.5% in fiscal year 2019 to 2.21% 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 (1.21%) or 1% higher (3.21%) than the current discount rate.

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$371,000	\$458,790	\$571,000

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District as 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 (5.5%)	Healthcare Cost Trend Rate (6.5%)	1% Increase (7.5%)
Total OPEB liability	\$375,000	\$458,790	\$563,000

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2020, the District recognized OPEB expense of \$9,954. At June 30, 2020, the District reported no deferred inflows or outflows of resources related to OPEB.

Note 9. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$277,509 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.

Note 11. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant expenditures have not been audited by granting authorities, but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Note 12. Deficit Net Position

The District’s Enterprise Fund - LECCEC (Daycare) Fund had negative unrestricted net position of \$725,516 and negative total net position of \$722,881 at June 30, 2020. The Total Enterprise Funds and Business Type Activities also had negative unrestricted net position of \$686,055 and negative total net position of \$642,663 at June 30, 2020. The District’s Governmental Activities had an unrestricted net position deficit of \$1,466,130 at June 30, 2020.

Note 13. 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.

Program

ESL	\$ 8,185
Gifted and talented	66,815
Returning dropout and dropout prevention program	36,032
Teacher leadership	118,307
4 year old preschool	97,619
Foster care program	2,781
Teacher salary supplement	19,626
Early intervention	3,454
Early literacy	14,122
Educator quality, professional development	<u>15,803</u>
	<u>\$ 382,744</u>

Note 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

Other entities within the District provide tax abatements for urban renewal and economic

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

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

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Lisbon	Economic development projects	\$9,862

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 \$4,272.

Note 15. Construction Commitment

The District entered into contracts totaling \$8,797,323 for the construction of an auditorium, track and football field, additional classrooms at the high school building and security doors and system. As of June 30, 2020, costs of \$8,492,244 had been incurred against the contracts. The balance of \$305,079 remaining on the contracts at June 30, 2020 will be paid as work on the projects progress.

Note 16. Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. 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.

Note 17. Subsequent Events

The District has evaluated subsequent events through January 27, 2021 which is the date that the financial statements were available to be issued.

Required Supplementary Information

LISBON COMMUNITY SCHOOL DISTRICT
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
 All Governmental Funds and Enterprise Funds
 Required Supplementary Information
 For the Year Ended June 30, 2020

	Governmental Funds		Enterprise Funds		Total Actual	Budgeted Amounts		Final to Actual Variance
	Actual		Actual			Original	Final	
Revenues								
Local sources	\$ 4,795,677		\$ 1,212,982		\$ 6,008,659	\$ 5,690,808	\$ 5,690,808	\$ 317,851
State sources	4,975,885		2,364		4,978,249	5,044,110	5,044,110	(65,861)
Federal sources	121,053		143,203		264,256	259,500	259,500	4,756
Total revenues	<u>9,892,615</u>		<u>1,358,549</u>		<u>11,251,164</u>	<u>10,994,418</u>	<u>10,994,418</u>	<u>256,746</u>
Expenditures/Expenses								
Instruction	5,346,427		-		5,346,427	6,658,000	6,658,000	1,311,573
Support services	2,619,515		-		2,619,515	3,535,250	3,535,250	915,735
Non-instructional programs	-		1,523,192		1,523,192	1,415,000	1,550,000	26,808
Other expenditures	4,268,919		-		4,268,919	3,616,802	5,350,000	1,081,081
Total expenditures/expenses	<u>12,234,861</u>		<u>1,523,192</u>		<u>13,758,053</u>	<u>15,225,052</u>	<u>17,093,250</u>	<u>3,335,197</u>
(Deficiency) of revenues (under) expenditures	(2,342,246)		(164,643)		(2,506,889)	(4,230,634)	(6,098,832)	3,591,943
Net other financing sources	-		-		-	345,000	345,000	(345,000)
Change in fund balance	(2,342,246)		(164,643)		(2,506,889)	(3,885,634)	(5,753,832)	3,246,943
Balance, beginning of year	6,847,228		(478,020)		6,369,208	5,202,201	5,202,201	1,167,007
Balance, end of year	<u>\$ 4,504,982</u>		<u>\$ (642,663)</u>		<u>\$ 3,862,319</u>	<u>\$ 1,316,567</u>	<u>\$ (551,631)</u>	<u>\$ 4,413,950</u>

See accompanying Independent Auditor's Report.

LISBON COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the 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 Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2020, the District amended its budget by \$1,868,198 for construction expenditures and the childcare program.

LISBON 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	.062052%	.060244%	.059506%	0.058675%	0.059102%	0.061460%
District's proportionate share of the net pension liability	\$3,617,371	\$ 3,811,187	\$3,928,397	\$ 3,659,143	\$ 2,938,244	\$2,487,344
District's covered payroll	\$ 4,754,137	\$ 4,525,900	\$4,402,104	\$ 4,172,575	\$ 4,074,428	\$4,104,009
District's proportionate share of the net pension liability as a percentage of its covered payroll	76.09%	84.21%	89.24%	87.70%	72.11%	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.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

LISBON COMMUNITY SCHOOL DISTRICT
Schedule of District Contributions
Iowa Public Employees' Retirement System
For the Last Ten Years
Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Statutorily required contribution	\$ 445,520	\$ 448,790	\$ 404,163	\$ 393,108	\$ 372,611	\$ 363,846	\$ 366,488	\$ 327,277	\$ 289,441	\$ 236,482
Contributions in relation to the statutorily required contribution	<u>(445,520)</u>	<u>(448,790)</u>	<u>(404,163)</u>	<u>(393,108)</u>	<u>(372,611)</u>	<u>(363,846)</u>	<u>(366,488)</u>	<u>(327,277)</u>	<u>(289,441)</u>	<u>(236,482)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$4,719,488	\$4,754,137	\$4,525,900	\$4,402,104	\$4,172,575	\$4,074,428	\$4,104,009	\$3,774,821	\$3,586,629	\$3,402,619
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.

LISBON COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Pension Liability
For the 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.

Lisbon 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	\$ 46,376	\$ 39,626	\$ 38,149
Interest cost	17,230	13,562	12,648
Difference between expected and actual experiences	(191,245)	67,318	-
Changes in assumptions	143,433	24,484	(18,732)
Benefit payments	(5,840)	(13,951)	(5,890)
Net change in total OPEB liability	9,954	131,039	26,175
Total OPEB liability beginning of year	448,836	317,797	291,622
Total OPEB liability end of year	<u>\$ 458,790</u>	<u>\$ 448,836</u>	<u>\$ 317,797</u>
 Covered-employee payroll	 \$ 4,107,709	 \$ 4,808,000	 \$ 4,645,428
Total OPEB liability as a percentage of covered -employee payroll	11.17%	9.34%	6.84%

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	2.21%
Year ended June 30,2019	3.50%
Year ended June 30,2018	3.87%
Year ended June 30,2017	4.50%

Supplementary Information

LISBON COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Schedule 1

	<u>Special Revenue Student Activity</u>	<u>Capital Projects Physical Plant and Equipment Levy</u>	<u>Total</u>
Assets			
Cash, cash equivalents and pooled investments	\$48,183	\$ 85,077	\$133,260
Receivables			
Property tax			
Delinquent	-	2,056	2,056
Succeeding year	-	189,095	189,095
Accounts receivable	12,447	-	12,447
Due from other governments	-	30	30
Due from other fund	3,490	-	3,490
Total assets	<u>\$64,120</u>	<u>\$276,258</u>	<u>\$340,378</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 3,218	\$ 3,665	\$ 6,883
Salaries and benefits payable	242	-	242
Total liabilities	<u>3,460</u>	<u>3,665</u>	<u>7,125</u>
Deferred inflows of resources			
Unavailable revenue			
Succeeding year property tax	-	189,095	189,095
Total deferred inflows of resources	<u>-</u>	<u>189,095</u>	<u>189,095</u>
Fund balances			
Restricted for			
Student activities	60,660	-	60,660
Physical plant and equipment	-	83,498	83,498
Total fund balances	<u>60,660</u>	<u>83,498</u>	<u>144,158</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$64,120</u>	<u>\$276,258</u>	<u>\$340,378</u>

See accompanying Independent Auditor's Report.

LISBON COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

Schedule 2

	<u>Special Revenue</u>	<u>Capital Projects Physical Plant and Equipment Levy</u>	<u>Total</u>
Revenues			
Local sources			
Local taxes	\$ -	\$179,781	\$179,781
Other	172,234	310	172,544
State sources	-	793	793
Total revenues	<u>172,234</u>	<u>180,884</u>	<u>353,118</u>
Expenditures			
Current			
Instruction			
Regular	225	-	225
Special	72	-	72
Other	<u>172,726</u>	-	<u>172,726</u>
Total instruction	<u>173,023</u>	<u>-</u>	<u>173,023</u>
Support services			
Operation and maintenance of plant	-	61,269	61,269
Transportation	<u>-</u>	<u>28,479</u>	<u>28,479</u>
Total support services	<u>-</u>	<u>89,748</u>	<u>89,748</u>
Other expenditures			
Facilities acquisition	<u>-</u>	<u>69,982</u>	<u>69,982</u>
Total expenditures	<u>173,023</u>	<u>159,730</u>	<u>332,753</u>
Excess (deficiency) of revenues over (under) expenditures	(789)	21,154	20,365
Other financing sources			
Transfers in	<u>3,490</u>	<u>-</u>	<u>3,490</u>
Change in fund balances	2,701	21,154	23,855
Fund balances, beginning of year	<u>57,959</u>	<u>62,344</u>	<u>120,303</u>
Fund balances, end of year	<u>\$ 60,660</u>	<u>\$ 83,498</u>	<u>\$144,158</u>

See accompanying Independent Auditor's Report.

LISBON COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year Ended June 30, 2020

Schedule 3

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Cheerleaders	\$ -	\$ 511	\$ 511	\$ -
Dance Team	1,386	3,128	2,470	2,044
Boys' basketball	692	6,246	4,609	2,329
Boys' football	7,191	25,562	32,753	-
Boys' baseball	912	6,423	7,335	-
Boys' track	-	23,606	23,606	-
Boys' golf	-	1,911	1,911	-
Boys' wrestling	-	13,507	12,742	765
Girls' basketball	-	5,418	5,418	-
Girls' volleyball	1,979	9,990	9,495	2,474
Girls' softball	877	16,454	13,753	3,578
Girls' golf	-	1,026	1,026	-
Athletics	1,617	3,832	3,397	2,052
Drama	1,055	7,926	4,757	4,224
National Honor Society	-	576	576	-
Speech	-	1,556	1,556	-
Yearbook	10,322	5,465	5,774	10,013
Student council	5,103	2,828	1,960	5,971
Lego League/robotics	283	-	-	283
Prom	1,312	485	835	962
Spanish club	390	-	-	390
Activity interest	10	241	-	251
PTO	567	362	602	327
Band trip	1,999	-	-	1,999
Concessions	1,182	23,482	24,664	-
Music Boosters	20,876	15,189	13,273	22,792
Art club	206	-	-	206
Totals	<u>\$ 57,959</u>	<u>\$ 175,724</u>	<u>\$ 173,023</u>	<u>\$ 60,660</u>

See accompanying Independent Auditor's Report.

LISBON COMMUNITY SCHOOL DISTRICT
 Schedule of Revenues by Source and Expenditures by Function
 All Governmental Funds
 For the Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues						Modified Accrual Basis				
Local sources										
Local tax	\$ 3,302,492	\$ 3,202,566	\$ 2,899,149	\$ 2,708,188	\$ 2,685,764	\$ 2,565,352	\$ 2,394,466	\$ 2,942,411	\$ 3,098,261	\$ 2,971,275
Tuition	1,113,868	1,027,902	891,921	774,670	754,024	655,522	535,027	460,870	376,070	327,475
Other	379,317	498,115	309,155	299,737	349,277	364,339	279,789	332,541	356,614	441,193
State sources	4,975,885	4,913,239	5,046,624	5,239,705	4,944,592	4,989,398	4,692,713	3,801,753	3,977,261	3,617,450
Federal sources	121,053	95,172	93,254	98,182	97,589	109,461	95,632	153,359	565,127	310,040
Total revenues	\$ 9,892,615	\$ 9,736,994	\$ 9,240,103	\$ 9,120,482	\$ 8,831,246	\$ 8,684,072	\$ 7,997,627	\$ 7,690,934	\$ 8,373,333	\$ 7,667,433
Expenditures										
Current										
Instruction										
Regular	\$ 3,930,712	\$ 3,950,327	\$ 4,373,942	\$ 3,755,629	\$ 3,685,611	\$ 4,077,090	\$ 3,638,209	\$ 3,505,811	\$ 3,171,164	\$ 3,430,255
Special	727,497	649,772	617,219	544,793	652,504	763,133	742,830	713,063	666,228	646,388
Other	688,218	723,550	760,562	656,902	533,108	536,141	529,877	485,289	514,056	528,626
Support services										
Student	195,899	188,892	190,802	188,635	185,911	175,305	162,396	157,773	133,750	125,921
Instructional staff	307,633	290,361	310,023	246,252	224,100	210,483	402,405	283,643	239,497	180,691
Administration	955,954	907,802	889,479	960,120	816,008	783,564	688,074	699,764	681,283	551,985
Operation and maintenance of plant	873,324	728,749	746,474	848,770	728,898	678,734	692,589	693,549	656,992	602,837
Transportation	286,705	210,769	299,007	195,597	198,322	367,112	230,662	302,607	223,425	223,799
Other expenditures										
Facilities acquisition	2,810,544	6,366,457	619,824	115,077	27,506	390,407	344,368	1,427,230	4,475,827	504,840
Long-term debt										
Principal	743,355	793,355	630,545	683,303	506,107	695,045	540,000	635,184	357,991	246,180
Interest and other charges	437,511	447,561	184,474	205,950	220,896	237,350	253,159	268,942	190,282	107,428
AEA flowthrough	277,509	277,434	278,393	273,887	277,033	278,066	258,183	243,802	243,885	258,079
Total expenditures	\$ 12,234,861	\$ 15,535,029	\$ 9,900,744	\$ 8,674,915	\$ 8,056,004	\$ 9,192,430	\$ 8,482,752	\$ 9,416,657	\$ 11,554,380	\$ 7,407,029

Kay L. Chapman, CPA PC

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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
Lisbon Community School District:

I 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 Lisbon 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 my report thereon dated January 27, 2021. I did not issue an opinion on the Lisbon Community School District Foundation, which is included in the District's financial statements as a discretely presented component unit, because I was not engaged to and did not audit the Foundation. Except as discussed in the preceding sentence, I conducted my 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.

Internal Control Over Financial Reporting

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

My 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 have not been identified. However,

as described in the accompanying Schedule of Findings, I identified deficiencies in internal control I consider to be material weaknesses.

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. I consider the deficiencies described in Part I of the accompanying Schedule of Findings as items A and B to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lisbon Community School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

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 my audit of the financial statements of the District. Since my 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.

Lisbon Community School District's Responses to the Findings

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

Purpose of this Report

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

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Lisbon Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
January 27, 2021

LISBON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2020

Part I. Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were reported.

SIGNIFICANT DEFICIENCIES

A. Segregation of Duties

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

Condition - I noted that the same individual performed the following duties: recording and processing of cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information.

Cause - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability. This is not an unusual condition but it is important the District officials are aware that the condition exists.

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

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

Response and Corrective Action Planned - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

LISBON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2020

B. Material Misstatements not Detected

Criteria - A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the District's financial statements.

Condition - During the course of my audit, I discovered material misstatements on the District's Certified Annual Report (CAR) that were not detected by the District's internal controls. The District recorded an incorrect amount for the interest earned on the Bankers Trust accounts during the year ended June 30, 2020. Also the retainage from the contractor was not accrued as a liability in the Capital Projects - Building Project Fund on the CAR. These misstatements resulted in Capital Projects - Building Project Fund expenditures being overstated by \$594,981, revenues being overstated by \$122,777 and fund balance being overstated by \$305,080 on the CAR. The incorrect interest recorded during the year ended June 30, 2020 in the Debt Service Fund, resulted in revenues and fund balance being overstated by \$11,474, expenditures being understated by \$72,913 and fund balance being overstated by \$72,914.

Cause - District policies do not require and procedures have not been established to require independent review of year-end adjusting entries and cut-off transactions to ensure the District's financial statements and CAR are accurate and reliable.

Effect - Lack of policies and procedures resulted in District employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the District's CAR were necessary.

Recommendation - The District should implement procedures to ensure that all liabilities are identified and included in the District's CAR.

Response and Corrective Action Planned - We will double-check these in the future to avoid missing any material amounts.

Conclusion - Response accepted.

Part II. Other Findings Related to Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2020 did not exceed the amounts budgeted.

LISBON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2020

2. Questionable Expenditures - I noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
3. 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.
4. Business Transactions - No business transactions between the District and District officials or employees were noted.
5. 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.
6. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
7. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.
8. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
9. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
10. Deposits and Investments - I 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.
11. Certified Annual Reports - The Certified Annual Report was certified timely to the Department of Education; however, there were some material misstatements as detailed in comment B in Part I of this Schedule of Findings.

Recommendation - The District should ensure that all reports contain correct information in the future.

Response - We will ensure that future CARs contain correct information when it is filed with the Iowa Department of Education.

Conclusion - Response accepted.

LISBON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2020

12. Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
13. 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 District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 905,537
Revenues		
Statewide sales and services tax revenue	\$ 660,035	
Interest earned	<u>41,826</u>	701,861
Expenditures/transfers out		
School infrastructure		
Equipment	\$ 30,371	
Infrastructure debt	<u>521,265</u>	<u>551,636</u>
Ending balance		<u>\$ 1,055,762</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.

14. Deficit Net Position - The District's Enterprise Fund - LECCEC (Daycare) Fund had negative unrestricted net position of \$725,516 and negative total net position of \$722,881 at June 30, 2020. The Total Enterprise Funds and Business Type Activities also had negative unrestricted net position of \$686,055 and negative total net position of \$642,663 at June 30, 2020. The District's Governmental Activities had an unrestricted net position deficit of \$1,466,130 at June 30, 2020.

Recommendation - The District should continue to monitor these funds and investigate alternatives to eliminate these deficits in order to return the funds to a sound financial condition.

Response - These deficits were a result of adopting GASB Statement No. 68 during the year ended June 30, 2015.

Conclusion - Response accepted.

LISBON COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2020

This audit was performed by

Kay Chapman, CPA
Terri Slater, staff accountant