

SPRINGVILLE COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2023

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
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SPRINGVILLE COMMUNITY SCHOOL DISTRICT
 Officials
 June 30, 2023

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

Kate O'Brien-May	Board President	Nov. 2025
Albert Martin	Vice President	Nov. 2023
Amy Hosek	Board Member	Nov. 2023
Patrick Hoyt	Board Member	Nov. 2023
Leisa Breitfelder	Board Member	Nov. 2025
		Resigned 6/21/2023
Amy Stuessle	Board Member	Nov. 2023
		Appointed 6/21/2023

School Officials

Autumn Pino	Superintendent	Indefinite
Stacey Matus	District Treasurer/Business Manager	Indefinite
Ahlers & Cooney P.C.	Attorney	Indefinite

Kay L. Chapman, CPA PC

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Muscatine, Iowa 52761
563-264-1385
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Independent Auditor's Report

To the Board of Education of Springville Community School District:

Report on the Audit of the Financial Statements

Opinions

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 Springville Community School District, Springville, Iowa, as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

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 the Springville Community School District as of June 30, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. general accepted accounting principles.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am required to be independent of Springville Community School District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my audit. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Springville Community School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Springville Community School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Springville Community School District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability (Asset), the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 6 through 14 and 48 through 54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 GAAS, 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 Springville 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 nine years ended June 30, 2022 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such 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. The 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 GAAS. In my opinion, the supplementary information in Schedules 1 through 7 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 15, 2024 on my consideration of Springville 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 Springville Community School District's internal control over financial reporting and compliance.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
January 15, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Springville 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, 2023. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2023 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$5,622,688 in fiscal 2022 to \$5,908,565 in fiscal 2023, and General Fund expenditures increased from \$5,754,100 in fiscal 2022 to \$6,155,189 in fiscal 2023. The District's General Fund balance decreased from \$1,664,434 in fiscal 2022 to \$1,426,810 in fiscal 2023, a decrease of 14%.
- The total 4% increase in General Fund revenue was mostly due to local and federal sources such as tuition revenue, revenue from sharing agreements, income surtax revenue, donations, earnings on investments and ESSER funds.
- General Fund expenditures increased \$401,089 a total of 6% from fiscal 2022. The increase was attributed to increased salaries and benefits, insurance cost increases, operational costs, and HVAC units purchased with ESSER funds.
- The District's total net position increased from \$8,226,979 in 2022 to \$9,168,869 in 2023, an increase of \$941,890, or 11%.
- The District's General Fund solvency ratio (Unassigned fund balance + Assigned fund balance/General Fund revenues minus AEA Flow-through) on June 30, 2023 was 22%. The District's General Fund solvency ratio on June 30, 2022 was 25.92%, decreasing 3.92%.
- The State of Iowa approved an increase in Supplemental State Aid of 2.5% for the 2022-23 school year. This followed the 2.4% Supplemental State Aid growth in 21-2022.

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 Springville 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 Springville 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 and nonmajor enterprise 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 two categories:

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

financial resources that can be spent in the near future to finance the District's programs.

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

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

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

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, 2023 compared to June 30, 2022.

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,
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>202-2023</u>
Current and other assets	\$ 7,542,121	\$ 7,248,366	\$ 165,512	\$ 140,476	\$ 7,707,633	\$ 7,388,842	4.31%
Capital assets	<u>11,008,195</u>	<u>11,090,309</u>	<u>23,103</u>	<u>21,137</u>	<u>11,031,298</u>	<u>11,111,446</u>	-0.72%
Total assets	<u>18,550,316</u>	<u>18,338,675</u>	<u>188,615</u>	<u>161,613</u>	<u>18,738,931</u>	<u>18,500,288</u>	1.29%
Deferred outflows of resources	<u>315,315</u>	<u>381,836</u>	<u>13,074</u>	<u>15,429</u>	<u>328,389</u>	<u>397,265</u>	-17.34%
Long-term liabilities	6,072,608	5,452,515	50,162	1,702	6,122,770	5,454,217	12.26%
Other liabilities	<u>949,474</u>	<u>956,748</u>	<u>55,092</u>	<u>47,189</u>	<u>1,004,566</u>	<u>1,003,937</u>	0.06%
Total liabilities	<u>7,022,082</u>	<u>6,409,263</u>	<u>105,254</u>	<u>48,891</u>	<u>7,127,336</u>	<u>6,458,154</u>	10.36%
Deferred inflows of resources	<u>2,765,057</u>	<u>4,148,091</u>	<u>6,058</u>	<u>64,329</u>	<u>2,771,115</u>	<u>4,212,420</u>	-34.22%

Net position								
Net investment in								
capital assets	6,684,796	6,176,396	23,103	21,137	6,707,899	6,197,533	8.23%	
Restricted	2,514,500	2,123,720	-	-	2,514,500	2,123,720	18.40%	
Unrestricted	<u>(120,804)</u>	<u>(136,959)</u>	<u>67,274</u>	<u>42,685</u>	<u>(53,530)</u>	<u>(94,274)</u>	43.22%	
Total net position	<u>\$ 9,078,492</u>	<u>\$ 8,163,157</u>	<u>\$ 90,377</u>	<u>\$ 63,822</u>	<u>\$ 9,168,869</u>	<u>\$ 8,226,979</u>	11.45%	

The District's total net position increased by 11%, or \$941,890 over the prior year.

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

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$390,780, or 18% over the prior year. The increase in net position was primarily a result of the increase in net position of the Capital Projects Funds restricted for school infrastructure.

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 \$40,744, or 43%. The increase in unrestricted net position is mainly attributable to the net effect of adjustments associated with the District's net pension liability and related deferred outflows of resources and deferred inflows of resources related to pensions.

Figure A-2 shows the changes in net position for the year ended June 30, 2023 compared to the year ended June 30, 2022.

Figure A-2
Change in Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	2023	2022	2023	2022	2023	2022	2022-2023
Revenues							
Program revenues							
Charges for service and sales	\$ 1,284,763	\$ 1,007,661	\$ 244,205	\$ 114,298	\$ 1,528,968	\$ 1,121,959	36.28%
Operating grants	1,104,394	1,040,717	166,481	341,045	1,270,875	1,381,762	-8.03%
General revenues							
Property tax	2,566,936	2,443,306	-	-	2,566,936	2,443,306	5.06%
Income surtax	40,421	34,934	-	-	40,421	34,934	15.71%
Statewide sales, services and use tax	549,588	483,747	-	-	549,588	483,747	13.61%
Unrestricted state grants	2,144,852	2,111,503	-	-	2,144,852	2,111,503	1.58%
Contributions and donations	9,889	57,094	-	-	9,889	57,094	-82.68%
Unrestricted investment earnings	13,030	6,087	290	18	13,320	6,105	118.18%
Other	<u>62,971</u>	<u>91,139</u>	<u>-</u>	<u>-</u>	<u>62,971</u>	<u>91,139</u>	-30.91%
Total revenues	<u>7,776,844</u>	<u>7,276,188</u>	<u>410,976</u>	<u>455,361</u>	<u>8,187,820</u>	<u>7,731,549</u>	5.90%

Program expenses							
Governmental activities							
Instruction	3,992,362	3,591,736	-	-	3,992,362	3,591,736	11.15%
Support services	2,267,029	2,108,110	-	-	2,267,029	2,108,110	7.54%
Non-instructional programs	-	-	384,421	313,236	384,421	313,236	22.73%
Other expenses	<u>602,118</u>	<u>519,321</u>	-	-	<u>602,118</u>	<u>519,321</u>	15.94%
Total expenses	<u>6,861,509</u>	<u>6,219,167</u>	<u>384,421</u>	<u>313,236</u>	<u>7,245,930</u>	<u>6,532,403</u>	10.92%
Change in net position before transfers and special item	915,335	1,057,021	26,555	142,125	941,890	1,199,146	-21.45%
Special item -compensation for loss of capital assets	-	<u>832,838</u>	-	-	-	<u>832,838</u>	-100.00%
Change in net position	915,335	1,889,859	26,555	142,125	941,890	2,031,984	-53.65%
Net position beginning of year	<u>8,163,157</u>	<u>6,273,298</u>	<u>63,822</u>	<u>(78,303)</u>	<u>8,226,979</u>	<u>6,194,995</u>	32.80%
Net position end of year	<u>\$ 9,078,492</u>	<u>\$ 8,163,157</u>	<u>\$ 90,377</u>	<u>\$ 63,822</u>	<u>\$ 9,168,869</u>	<u>\$ 8,226,979</u>	11.45%

In fiscal year 2023, property tax and unrestricted state grants accounted for approximately 61% of governmental activities revenues while charges for service and sales and operating grants accounted for almost 100% of business type activities revenues. The District's total revenues were \$8,187,820 of which \$7,776,844 was for governmental activities and \$410,976 was for business type activities.

As shown in Figure A-2, the District as a whole experienced a 6% increase in revenues and an 11% increase in expenses. The increases in revenue are largely due to increases in local sources, federal sources, investment earnings, and 3-year-old preschool tuition. The increase in expenses is attributed to salaries and benefits and operational costs.

Governmental Activities

Revenues for governmental activities were \$7,776,844 and expenses were \$6,861,509 for the year ended June 30, 2023.

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, 2023 compared to those expenses for the year ended June 30, 2022.

Figure A-3

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2023	2022	Change 2022-2023	2023	2022	Change 2022-2023
Instruction	\$ 3,992,362	\$ 3,591,736	11.2%	\$ 1,929,280	\$ 1,860,375	3.7%
Support services	2,267,029	2,108,110	7.5%	2,125,669	1,974,425	7.7%
Other expenses	<u>602,118</u>	<u>519,321</u>	15.9%	<u>417,403</u>	<u>335,989</u>	24.2%
Total expenses	<u>\$ 6,861,509</u>	<u>\$ 6,219,167</u>	10.3%	<u>\$ 4,472,352</u>	<u>\$ 4,170,789</u>	7.2%

For the year ended June 30, 2023:

- The cost financed by users of the District's programs was \$1,284,763.

- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,104,394.
- The net cost of governmental activities was financed with \$3,156,945 of property and other taxes and \$2,144,852 of unrestricted state grants.

Business Type Activities

Revenues for business type activities for the year ended June 30, 2023 were \$410,976 representing a 10% decrease from the prior year, while expenses totaled \$384,421, a 23% increase over the prior year. The District's business type activities include the School Nutrition Fund and Preschool Fund for 3 year olds. Revenues of these activities were comprised of charges for services, tuition, and investment income. The increase in revenue in the Preschool Fund is due to increased tuition for the 3-year-old PK program. The decrease in revenue in the Nutrition Fund is due to SFSP Federal reimbursement rate decreases for meals served to students. Expenditure increases were due to salary and benefits and operational costs.

INDIVIDUAL FUND ANALYSIS

As previously noted, Springville 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 \$3,737,039, above last year's ending fund balances of \$3,552,606. The primary reason for the increase of \$184,433 in combined fund balances in fiscal 2023 is due to an increase in total assets to the Capital Projects Funds.

Governmental Fund Highlights

The District's General Fund received total revenues of \$5,908,565 and expenditures \$6,155,189; General Fund expenditures exceeded General Fund revenues by \$246,624. The District ended FY23 with an unspent authorized budget of \$2,222,408 and an ending cash balance of \$1,426,809. The District was unable to levy cash in FY23 and anticipates this in FY24 also.

- The General Fund balance decreased from \$1,664,434 in 2022 to \$1,426,810 in 2023. The \$237,624 decrease was primarily due to an increase in General Fund expenditures and the inability to levy cash reserves.
- The Statewide Sales, Services and Use Tax Fund balance increased from \$971,381 in 2022 to \$1,191,598 in 2023, an increase of \$220,217, due to revenues exceeding expenditures.
- The Debt Service Fund balance increased from \$180,407 in 2022 to \$278,635 in 2023 due to an Advanced Surplus Levy of \$100,000.

Proprietary Fund Highlights

Enterprise Fund net position increased from \$63,822 at June 30, 2022 to \$90,377 at June 30, 2023, an increase of 42%. The increased net position is due largely to the increase in revenues from 3-year-old preschool tuition and increased revenue in the district's partially self-funded insurance fund (Internal Service Fund).

BUDGETARY HIGHLIGHTS

The District amended its budget one time during the year ended June 30, 2023, increasing expenditures by \$485,000.

The District's total revenues were \$707,336 more than total budgeted revenues, a variance of approximately 9%. The most significant variance resulted from the District receiving increased revenue from local and federal sources.

Total expenditures were \$1,397,826 less than budgeted. It is the District's practice to budget expenditures at near the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should generally exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the District had invested \$11,031,298, net of accumulated depreciation/amortization, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment, transportation equipment and intangible right-to-use leased assets. (See Figure A-4) This represents a net decrease of 1% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation/amortization expense for the year was \$399,656.

The original cost of the District's capital assets was \$17,699,490. Governmental funds account for \$17,559,643, with the remainder of \$139,847 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change was in the right-to-use leased asset category, which decreased from \$137,329 at June 30, 2022 to \$82,402 at June 30, 2023 due to annual amortization expense.

Figure A-4

Capital Assets, Net of Depreciation/Amortization

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2022-2023</u>
Land	\$ 453,369	\$ 453,369	\$ -	\$ -	\$ 453,369	\$ 453,369	0.00%
Buildings and improvements	9,911,777	9,947,331	-	-	9,911,777	9,947,331	-0.36%
Improvements other than buildings	204,331	195,614	-	-	204,331	195,614	4.46%
Furniture and equipment	356,316	356,666	23,103	21,137	379,419	377,803	0.43%
Right-to-use leased equipment	<u>82,402</u>	<u>137,329</u>	<u>-</u>	<u>-</u>	<u>82,402</u>	<u>137,329</u>	-40.00%
Totals	<u>\$11,008,195</u>	<u>\$11,090,309</u>	<u>\$23,103</u>	<u>\$21,137</u>	<u>\$11,031,298</u>	<u>\$11,111,446</u>	-0.72%

Long-Term Debt

At June 30, 2023, the District had \$6,122,770 in general obligation and other long-term debt outstanding. This represents an increase of approximately 12% over 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% 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 \$14.5 million.

Figure A-5
Outstanding Long-term Obligations

	Total		Total
	School District		Change
	June 30,	June 30,	June 30,
	<u>2023</u>	<u>2022</u>	<u>2022-2023</u>
Governmental activities			
General obligation bonds	\$ 2,860,000	\$ 3,145,000	-9.06%
Revenue bonds	1,330,000	1,535,000	-13.36%
Equipment purchase agreements- direct borrowings	71,677	106,465	-32.68%
Lease agreements	61,722	127,448	-51.57%
Net pension liability	1,209,877	42,635	2737.76%
Total OPEB liability	<u>539,332</u>	<u>495,967</u>	8.74%
	6,072,608	5,452,515	11.37%
Business type activities			
Net pension liability	<u>50,162</u>	<u>1,702</u>	2847.24%
Total	<u>\$ 6,122,770</u>	<u>\$ 5,454,217</u>	12.26%

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 District anticipates that the enrollment will grow or remain stable, which is critical in maintaining a sound financial position.
- Two of the greatest economic factors affecting financial health for the District is the level of State Supplemental Aid set by the State and fluctuations of the District enrollment. The annual cost for salaries, benefits, and operational costs will be above the FY24 \$131,839 in new money received by the State. As a result, the District's General Fund balance is anticipated to decrease in FY24. To date, the proposed FY25 SSA rate is 2.5%.
- The District anticipates expenditure increases due to increasing inflation and rising costs of materials and supplies.

- The District continues to take advantage of sharing positions to reduce costs and increase revenue through the operational sharing funding program. The District is sharing the following positions: Superintendent; School Business Official; Human Resource Manager; Director of Buildings and Grounds; Transportation Director; and Curriculum Director. The District also shares other staff not eligible for operational sharing in an effort to reduce costs.
- The District continues to contract services for technology, and therefore saving general fund dollars by paying the contracted services from the PPEL fund.
- The District continues to see General Fund savings through partially self-funded health insurance, participation in equipment breakdown insurance, and participation in the Iowa Local Government Risk Pool Education Energy Group Program.
- The District has developed and closely monitors a line-item budget to reduce expenditures, if needed, to increase or stabilize the District's unspent balance.
- The new legislation on open enrollment, Students First Act, increasing minimum teacher salary levels, reforms in AEA services, and unfunded mandates brings uncertainties for future planning and budgeting.
- The District has completed work on a master plan for facilities to prioritize improvements needed in the secondary building and the preschool building. The District plans to issue Sales Tax Revenue Bonds in the spring of 2024 to begin construction on the scope of the facilities improvement plan.

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 Stacey Matus, District Secretary/Treasurer and Business Manager, Springville Community School District, 400 Academy Street, Springville, Iowa 52336.

Basic Financial Statements

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

Exhibit A

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 4,407,774	\$ 160,414	\$ 4,568,188
Receivables			
Property tax			
Delinquent	12,226	-	12,226
Succeeding year	2,618,942	-	2,618,942
Accounts receivable	9,061	328	9,389
Income surtax	34,932	-	34,932
Due from other governments	459,519	-	459,519
Internal balances	(333)	333	-
Inventories	-	4,437	4,437
Capital assets not being depreciated	453,369	-	453,369
Capital assets net of accumulated depreciation/amortization	10,554,826	23,103	10,577,929
Total assets	18,550,316	188,615	18,738,931
Deferred Outflows of Resources			
Pension related deferred outflows	315,315	13,074	328,389
Liabilities			
Accounts payable	94,398	1,260	95,658
Salaries and benefits payable	473,732	21,785	495,517
Due to other governments	358,642	9,729	368,371
Accrued interest payable	22,702	-	22,702
Unearned revenue	-	6,559	6,559
Advances from grantors	-	15,759	15,759
Long-term liabilities			
Portion due within one year			
General obligation bonds payable	290,000	-	290,000
Lease agreements	32,166	-	32,166
Equipment purchase agreements	35,484	-	35,484
Revenue bonds payable	210,000	-	210,000
Total OPEB liability	15,029	-	15,029
Portion due after one year			
General obligation bonds payable	2,570,000	-	2,570,000
Revenue bonds payable	1,120,000	-	1,120,000
Lease agreements	29,556	-	29,556
Equipment purchase agreements	36,193	-	36,193
Net pension liability	1,209,877	50,162	1,260,039
Total OPEB liability	524,303	-	524,303
Total liabilities	7,022,082	105,254	7,127,336

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

Exhibit A

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 2,618,942	\$ -	\$ 2,618,942
Pension related deferred inflows	<u>146,115</u>	<u>6,058</u>	<u>152,173</u>
Total deferred inflows of resources	<u>2,765,057</u>	<u>6,058</u>	<u>2,771,115</u>
Net position			
Net investment in capital assets	6,684,796	23,103	6,707,899
Restricted for			
Categorical funding	226,973	-	226,973
Management levy purposes	374,480	-	374,480
Physical plant and equipment	300,504	-	300,504
Student activities	165,012	-	165,012
School infrastructure	1,191,598	-	1,191,598
Debt service	255,933	-	255,933
Unrestricted	<u>(120,804)</u>	<u>67,274</u>	<u>(53,530)</u>
Total net position	<u>\$ 9,078,492</u>	<u>\$ 90,377</u>	<u>\$ 9,168,869</u>

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2023

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<u>Functions/Programs</u>							
Governmental activities							
Instruction							
Regular instruction	\$ 2,618,507	\$ 744,839	\$ 882,665	\$ -	\$ (991,003)	\$ -	\$ (991,003)
Special instruction	591,927	148,620	17,898	-	(425,409)	-	(425,409)
Other instruction	781,928	254,021	15,039	-	(512,868)	-	(512,868)
	<u>3,992,362</u>	<u>1,147,480</u>	<u>915,602</u>	<u>-</u>	<u>(1,929,280)</u>	<u>-</u>	<u>(1,929,280)</u>
Support services							
Student	113,429	47,862	-	-	(65,567)	-	(65,567)
Instructional staff	299,694	-	-	-	(299,694)	-	(299,694)
Administration	792,991	71,838	-	-	(721,153)	-	(721,153)
Operation and maintenance of plant	838,447	16,898	-	-	(821,549)	-	(821,549)
Transportation	222,468	685	4,077	-	(217,706)	-	(217,706)
	<u>2,267,029</u>	<u>137,283</u>	<u>4,077</u>	<u>-</u>	<u>(2,125,669)</u>	<u>-</u>	<u>(2,125,669)</u>
Other expenses							
Facilities acquisition	19,201	-	-	-	(19,201)	-	(19,201)
Long-term debt interest	128,802	-	-	-	(128,802)	-	(128,802)
AEA flowthrough	184,715	-	184,715	-	-	-	-
Depreciation/amortization (unallocated)	269,400	-	-	-	(269,400)	-	(269,400)
	<u>602,118</u>	<u>-</u>	<u>184,715</u>	<u>-</u>	<u>(417,403)</u>	<u>-</u>	<u>(417,403)</u>
Total governmental activities	<u>6,861,509</u>	<u>1,284,763</u>	<u>1,104,394</u>	<u>-</u>	<u>(4,472,352)</u>	<u>-</u>	<u>(4,472,352)</u>

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

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT

Exhibit B

Statement of Activities

For the Year Ended June 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Total
<u>Functions/Programs (continued)</u>					
Business type activities					
Non-instructional programs					
Food service operations	\$ 323,228	\$ 152,463	\$ 166,481	\$ -	\$ (4,284)
Preschool program	61,193	91,742	-	-	30,549
Total business type activities	384,421	244,205	166,481	-	26,265
Total	\$ 7,245,930	\$ 1,528,968	\$ 1,270,875	\$ -	(4,446,087)
<u>General Revenues</u>					
Property tax levied for					
General purposes					1,826,513
Debt service					457,362
Capital outlay					283,061
Income surtax					40,421
Statewide sales, services and use tax					549,588
Unrestricted state grants					2,144,852
Contributions and donations					9,889
Unrestricted investment earnings					13,320
Other					62,971
Total general revenues					5,387,687
Change in net position					915,335
Net position beginning of year					8,163,157
Net position end of year					\$ 9,078,492
					\$ 90,377
					\$ 9,168,869

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2023

Exhibit C

		Capital Projects <u>Statewide</u>			
	General	Sales, Services and Use Tax	Debt Service	Nonmajor Governmental Funds	Total
Assets					
Cash, cash equivalents and pooled investments	\$ 1,881,207	\$ 1,152,939	\$ 276,955	\$ 872,236	\$ 4,183,337
Receivables					
Property tax					
Delinquent	7,262	-	2,180	2,784	12,226
Succeeding year	1,560,294	-	468,205	590,443	2,618,942
Accounts receivable	9,061	-	-	-	9,061
Income surtax	34,932	-	-	-	34,932
Due from other governments	420,860	38,659	-	-	459,519
Total assets	<u>\$ 3,913,616</u>	<u>\$ 1,191,598</u>	<u>\$ 747,340</u>	<u>\$ 1,465,463</u>	<u>\$ 7,318,017</u>
 Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 58,874	\$ -	\$ 500	\$ 35,024	\$ 94,398
Salaries and benefits payable	473,731	-	-	-	473,731
Due to other funds	333	-	-	-	333
Due to other governments	358,642	-	-	-	358,642
Total liabilities	<u>891,580</u>	<u>-</u>	<u>500</u>	<u>35,024</u>	<u>927,104</u>
Deferred inflows of resources					
Unavailable revenue					
Succeeding year property tax	1,560,294	-	468,205	590,443	2,618,942
Income surtax	34,932	-	-	-	34,932
Total deferred inflows of resources	<u>1,595,226</u>	<u>-</u>	<u>468,205</u>	<u>590,443</u>	<u>2,653,874</u>
Fund balances					
Restricted for					
Categorical funding	226,973	-	-	-	226,973
School infrastructure	-	1,191,598	-	-	1,191,598
Student activities	-	-	-	165,012	165,012
Management levy purposes	-	-	-	374,480	374,480
Physical plant and equipment	-	-	-	300,504	300,504
Debt service	-	-	278,635	-	278,635
Unassigned	1,199,837	-	-	-	1,199,837
Total fund balances	<u>1,426,810</u>	<u>1,191,598</u>	<u>278,635</u>	<u>839,996</u>	<u>3,737,039</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,913,616</u>	<u>\$ 1,191,598</u>	<u>\$ 747,340</u>	<u>\$ 1,465,463</u>	<u>\$ 7,318,017</u>

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 June 30, 2023

Exhibit D

Total fund balances of governmental funds	\$ 3,737,039
 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.	11,008,195
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.	34,931
The Internal Service Fund is used by the District to charge the costs of the partially self-funded insurance 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.	224,437
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.	(22,702)
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	\$ 315,315
Deferred inflows of resources	<u>(146,115)</u> 169,200
Long-term liabilities, including lease agreements payable, bonds payable, equipment purchase agreements payable, 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>(6,072,608)</u>
 Net position of governmental activities	 <u><u>\$ 9,078,492</u></u>

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

Exhibit E

	<u>General</u>	<u>Capital</u> <u>Projects</u> Statewide Sales, Services and Use Tax	<u>Debt</u> <u>Service</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
Revenues					
Local sources					
Local tax	\$1,563,369	\$ -	\$ 457,361	\$ 584,018	\$2,604,748
Tuition	844,334	-	-	-	844,334
Other	251,616	3,643	2,271	259,792	517,322
State sources	2,934,758	549,588	-	-	3,484,346
Federal sources	314,488	-	-	-	314,488
Total revenues	<u>5,908,565</u>	<u>553,231</u>	<u>459,632</u>	<u>843,810</u>	<u>7,765,238</u>
Expenditures					
Current					
Instruction					
Regular	2,712,622	-	-	-	2,712,622
Special	609,630	-	-	-	609,630
Other	570,986	-	-	227,832	798,818
	<u>3,893,238</u>	<u>-</u>	<u>-</u>	<u>227,832</u>	<u>4,121,070</u>
Support services					
Student	187,411	-	-	-	187,411
Instructional staff	193,961	-	-	131,571	325,532
Administration	763,168	-	-	72,886	836,054
Operation and maintenance	778,545	-	-	187,026	965,571
Transportation	154,151	-	-	94,917	249,068
	<u>2,077,236</u>	<u>-</u>	<u>-</u>	<u>486,400</u>	<u>2,563,636</u>
Other expenditures					
Facilities acquisition	-	91,321	-	25,966	117,287
Long-term debt					
Principal	-	-	490,000	-	490,000
Interest and fiscal charges	-	-	113,097	-	113,097
AEA flowthrough	184,715	-	-	-	184,715
	<u>184,715</u>	<u>91,321</u>	<u>603,097</u>	<u>25,966</u>	<u>905,099</u>
Total expenditures	<u>6,155,189</u>	<u>91,321</u>	<u>603,097</u>	<u>740,198</u>	<u>7,589,805</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(246,624)</u>	<u>461,910</u>	<u>(143,465)</u>	<u>103,612</u>	<u>175,433</u>
Other financing sources (uses)					
Compensation for loss of capital assets	9,000	-	-	-	9,000
Transfers in	-	-	241,693	-	241,693
Transfers (out)	-	(241,693)	-	-	(241,693)
Total other financing sources (uses)	<u>9,000</u>	<u>(241,693)</u>	<u>241,693</u>	<u>-</u>	<u>9,000</u>
Change in fund balances	<u>(237,624)</u>	<u>220,217</u>	<u>98,228</u>	<u>103,612</u>	<u>184,433</u>
Fund balance, beginning of year	1,664,434	971,381	180,407	736,384	3,552,606
Fund balance, end of year	<u>\$1,426,810</u>	<u>\$ 1,191,598</u>	<u>\$ 278,635</u>	<u>\$ 839,996</u>	<u>\$3,737,039</u>

See notes to financial statements.

SPRINGVILLE 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, 2023

Exhibit F

Change in fund balances - total governmental funds \$ 184,433

**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/amortization expense in the Statement of Activities. Capital outlay expenditures and depreciation/amortization expense in the current year are as follows:

Expenditures for capital assets	\$ 312,399	
Gain on disposal of capital assets	1,152	
Depreciation/amortization expense	<u>(395,665)</u>	(82,114)

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. 2,607

The Internal Service Fund is used by the District to charge the costs of the partially self-funded insurance plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 66,917

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. 590,514

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

Pension expense	(59,417)	
Other postemployment benefits	<u>(43,365)</u>	(102,782)

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. (15,705)

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. 271,465

Change in net position of governmental activities \$ 915,335

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2023

Exhibit G

	<u>Nonmajor Enterprise</u>	<u>Governmental Activity Internal Service</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 160,414	\$ 224,437
Accounts receivable	328	-
Due from other fund	333	-
Inventories	<u>4,437</u>	<u>-</u>
Total current assets	165,512	224,437
Noncurrent assets		
Capital assets, net of accumulated depreciation	<u>23,103</u>	<u>-</u>
Total assets	<u>188,615</u>	<u>224,437</u>
Deferred Outflows of Resources		
Pension related deferred outflows	<u>13,074</u>	<u>-</u>
Liabilities		
Current liabilities		
Accounts payable	1,260	-
Salaries and benefits payable	21,785	-
Advances from grantors	15,759	-
Due to other governments	9,729	-
Unearned revenue	<u>6,559</u>	<u>-</u>
Total current liabilities	55,092	
Noncurrent liabilities		
Net pension liability	<u>50,162</u>	<u>-</u>
Total liabilities	<u>105,254</u>	<u>-</u>
Deferred Inflows of Resources		
Pension related deferred inflows	<u>6,058</u>	<u>-</u>
Net Position		
Investment in capital assets	23,103	-
Unrestricted	<u>67,274</u>	<u>224,437</u>
Total net position	<u>\$ 90,377</u>	<u>\$ 224,437</u>

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

Exhibit H

	Nonmajor Enterprise	Governmental Activity <u>Internal Service</u>
Operating revenue		
Local sources		
Charges for service	<u>\$244,205</u>	<u>\$128,076</u>
Operating expenses		
Support services		
Administration	<u>-</u>	<u>61,159</u>
Non-instructional programs		
Food service operations	323,228	-
Preschool operations	<u>61,193</u>	<u>-</u>
Total operating expenses	<u>384,421</u>	<u>61,159</u>
Operating income (loss)	<u>(140,216)</u>	<u>66,917</u>
Non-operating revenues		
Interest income	290	-
State sources	1,909	-
Federal sources	<u>164,572</u>	<u>-</u>
Total non-operating revenues	<u>166,771</u>	<u>-</u>
Change in net position	26,555	66,917
Net position beginning of year	<u>63,822</u>	<u>157,520</u>
Net position end of year	<u>\$ 90,377</u>	<u>\$224,437</u>

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

Exhibit I

	Nonmajor <u>Enterprise</u>	Governmental Activity <u>Internal Service</u>
Cash flows from operating activities		
Cash received from sale of services	\$ 242,395	\$ 128,076
Cash payments to employees for services	(145,063)	(61,159)
Cash payments to suppliers for goods and services	<u>(221,635)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>(124,303)</u>	<u>66,917</u>
Cash flows from non-capital financing activities		
State grants received	1,909	-
Federal grants received	<u>155,491</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>157,400</u>	<u>-</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	<u>(5,957)</u>	<u>-</u>
Cash flows from investing activities		
Interest on investments	<u>290</u>	<u>-</u>
Net increase in cash and cash equivalents	27,430	66,917
Cash and cash equivalents, beginning of year	<u>132,984</u>	<u>157,520</u>
Cash and cash equivalents, end of year	<u>\$ 160,414</u>	<u>\$ 224,437</u>
Reconciliation of operating income (loss) to net cash provided by		
(used in) operating activities		
Operating income (loss)	\$ (140,216)	\$ 66,917
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	3,991	-
Commodities used	24,840	-
Change in assets and liabilities:		
Accounts receivable	(147)	-
Inventories	2,874	-
Due from other fund	(333)	-
Deferred outflows of resources	2,355	-
Due to other governments	(8,028)	-
Net pension liability	48,460	-
Deferred inflows of resources	(58,271)	-
Accounts payable	995	-
Unearned revenue	(1,663)	-
Accrued salaries and benefits	840	-
Net cash provided by (used in) operating activities	<u>\$ (124,303)</u>	<u>\$ 66,917</u>

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2023, the District received \$24,840 of federal commodities.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2023

Note 1. Summary of Significant Accounting Policies

Springville Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Springville, Iowa, and the predominate agricultural territory in Linn County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

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/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or 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 are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

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

The Capital Projects 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 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 no major proprietary funds. However, it reports two non-major Enterprise Funds, the School Nutrition Fund and Preschool Fund, which are used to account for the school nutrition and preschool operations, respectively of the District. The District also reports an Internal Service Fund for its partially self-funded insurance program.

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and termination benefits 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 revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2022.

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, equipment and intangible right-to-use leased assets 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 (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) 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. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,500
Buildings	\$ 2,500
Improvements other than buildings	\$ 2,500
Right-to-use leased assets	\$ 5,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 2,500

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment and the right-to-use leased assets are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings & Improvements	50 years
Improvements other than buildings	20-50 years
Right-to-use leased assets	2-15 years
Furniture and equipment	5-15 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.

Leases - Springville Community School District is the lessee for three noncancellable leases of equipment. The District has recognized a lease liability and intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes leases with an initial, individual value of \$5,000 or more.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how Springville Community School District determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Springville Community School District uses the interest rate charged by the lessor at the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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.

Advances from Grantors - Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches.

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 Springville 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 and business-type activities will be paid primarily by the General Fund.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means 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, income surtax receivable 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.

Unassigned - All amounts not included in the preceding classification.

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 \$374,480 for management levy purposes, \$300,504 for physical plant and equipment, \$165,012 for student activities and \$1,191,598 for school infrastructure.

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, 2023 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.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Note 3. Due From and Due to Other Funds

Details of interfund receivables and payables at June 30, 2023 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Enterprise	Major Governmental	
School Nutrition	General Fund	\$ 333

The General Fund owes the School Nutrition Fund for indirect costs, which is shown on the financial statements as a Due From and Due to Other Funds. The situation is expected to be resolved during the year ending June 30, 2024.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2023 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Major Governmental	Major Capital Projects	
Debt service	Statewide sales, services and use tax	\$ 241,693

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expand the resources. The transfer from the Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was for future payment of principal and interest on long-term debt.

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2023 was as follows:

<u>Governmental activities</u>	Balance, Beginning of Year	Increases	Decreases	Balance, End of Year
Capital assets not being depreciated/amortized:				
Land	\$ 453,369	\$ -	\$ -	\$ 453,369
Capital assets being depreciated/amortized:				
Buildings and improvements	14,079,260	207,029	-	14,286,289
Improvements other than buildings	228,396	13,557	-	241,953
Furniture and equipment	2,293,963	91,813	-	2,385,776
Right-to-use leased equipment	192,256	-	-	192,256
Total capital assets being depreciated/amortized	<u>16,793,875</u>	<u>312,399</u>	<u>-</u>	<u>17,106,274</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	4,131,929	242,583	-	4,374,512
Improvements other than buildings	32,782	4,840	-	37,622
Furniture and equipment	1,937,297	93,315	(1,152)	2,029,460
Right-to-use leased equipment	54,927	54,927	-	109,854
Total accumulated depreciation/amortization	<u>6,156,935</u>	<u>395,665</u>	<u>(1,152)</u>	<u>6,551,448</u>
Total capital assets being depreciated/amortized, net	<u>10,636,940</u>	<u>(83,266)</u>	<u>1,152</u>	<u>10,554,826</u>
Governmental activities capital assets, net	<u>\$ 11,090,309</u>	<u>\$ (83,266)</u>	<u>\$ 1,152</u>	<u>\$ 11,008,195</u>
 <u>Business type activities</u>				
Furniture and equipment				
Less accumulated depreciation	\$ 133,890	\$ 5,957	\$ -	\$ 139,847
Business type activities capital assets, net	<u>112,753</u>	<u>3,991</u>	<u>-</u>	<u>116,744</u>
	<u>\$ 21,137</u>	<u>\$ 1,966</u>	<u>\$ -</u>	<u>\$ 23,103</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities

Instruction	
Regular	\$ 60,299
Other	6,308
Support services	
Administration	5,243
Operation and maintenance of plant	4,787
Transportation	<u>49,628</u>
	126,265
Unallocated	<u>269,400</u>
Total governmental activities depreciation/amortization expense	<u>\$ 395,665</u>

Business type activities

Food services \$ 3,991

Note 6. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2023 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
Governmental activities					
Lease agreements	\$ 127,448	\$ -	\$ 65,726	\$ 61,722	\$ 32,166
General obligation bonds	3,145,000	-	285,000	2,860,000	290,000
Revenue bonds	1,535,000	-	205,000	1,330,000	210,000
Equipment purchase agreements					
- direct borrowings	106,465	-	34,788	71,677	35,484
Termination benefits	-	-	-	-	-
Net pension liability	42,635	1,167,242	-	1,209,877	-
Total OPEB liability	<u>495,967</u>	<u>43,365</u>	<u>-</u>	<u>539,332</u>	<u>15,029</u>
Totals	<u>\$ 5,452,515</u>	<u>\$ 1,210,607</u>	<u>\$ 590,514</u>	<u>\$ 6,072,608</u>	<u>\$ 582,679</u>

Interest costs incurred and charged to expense on all long-term debt was \$128,802 for the year ended June 30, 2023. During the year ended June 30, 2023, the District made principal payments on total long-term debt of \$590,514.

Lease Agreements

On January 23, 2019, the District entered into a lease agreement for copiers. An initial lease liability was recorded in the amount of \$12,782. The agreement requires monthly payments of \$438 over 5 years with an implicit interest rate of 2.15% and final payment due January 23, 2024. During the year ended June 30, 2023, principal and interest paid were \$5,140 and \$116, respectively.

Year	<u>Copier Lease</u>			
Ending	Interest			
June 30,	Rates	Interest	Principal	Total
2024	2.15%	\$ 17	\$ 2,611	\$ 2,628

On July 15, 2021, the District entered into a lease agreement for computers. The agreement requires annual payments of \$29,555 over 4 years with an interest rate of 0% and final payment due July 15, 2024. During the year ended June 30, 2023, principal and interest paid were \$29,555 and \$0, respectively.

Year Ending June 30,	2021 Computer Lease			
	Interest Rates	Interest	Principal	Total
2024	0.00%	\$ -	\$ 29,555	\$ 29,555
2025	0.00%	-	29,555	29,555
Totals		<u>\$ -</u>	<u>\$ 59,110</u>	<u>\$ 59,110</u>

Revenue Bonds

Details of the District’s June 30, 2023 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of September 2015			
	Interest Rates	Interest	Principal	Total
2024	2.55%	\$ 36,529	\$ -	\$ 36,529
2025	2.55%	31,237	210,000	241,237
2026	2.55%	25,819	215,000	240,819
2027	2.55%	20,272	220,000	240,272
2028	2.55%	14,662	220,000	234,662
2029-2030	2.55%	11,921	465,000	476,921
Totals		<u>\$ 140,440</u>	<u>\$ 1,330,000</u>	<u>\$ 1,470,440</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,820,000 of bonds issued in September 2015. The bonds were issued to refund the bond issue from June 2009. 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 approximately 50% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$1,470,440. For the current year, \$205,000 of principal and \$39,142 of interest was paid on the bonds and statewide sales, services and use tax revenues were \$549,588.

General Obligation Bonds Payable

On July 1, 2016, the District issued \$4,725,000 of general obligation bonds with interest rates ranging from 2.0% to 2.7%. The proceeds of the bonds were used for construction of an elementary building. Details of the District’s June 30, 2023 general obligation indebtedness are as follows:

Year Ending June 30,	Bond Issue of July 2016			
	Interest Rates	Interest	Principal	Total
2024	2.00%	\$ 63,205	\$ 290,000	\$ 353,205
2025	2.00%	57,405	295,000	352,405

2026	2.00%	51,505	300,000	351,505
2027	2.00%	45,505	250,000	295,505
2028	2.00%	40,505	175,000	215,505
2029-2033	2.0-2.5%	146,460	935,000	1,081,460
2034-2036	2.5-2.7%	<u>33,080</u>	<u>615,000</u>	<u>648,080</u>
Totals		<u>\$ 437,665</u>	<u>\$ 2,860,000</u>	<u>\$ 3,297,665</u>

Equipment Purchase Agreements – Direct Borrowings

During the year ended June 30, 2023, the District issued school equipment notes to provide funds for the purchase of a bus. The notes bear interest at 2% per annum. Details of the District's note indebtedness at June 30, 2023 are as follows:

Year	Bus Loan				
	Ending	Interest	Interest	Principal	Total
June 30,	Rates	Interest	Principal	Total	
2024	2.00%	\$ 1,434	\$ 35,484	\$ 36,918	
2025	2.00%	<u>724</u>	<u>36,193</u>	<u>36,917</u>	
Totals		<u>\$ 2,158</u>	<u>\$ 71,677</u>	<u>\$ 73,835</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 2023, 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, 2023 totaled \$271,465.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the District reported a liability of \$1,260,039 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 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, 2022, the District's proportion was 0.031746%, which was an increase of 0.00012% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$212,049. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 55,857	\$ 17,260
Changes of assumptions	1,069	30
Net difference between projected and actual earnings on IPERS' investments		134,883
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	-	-
District contributions subsequent to the measurement date	<u>271,463</u>	<u>-</u>
Total	<u>\$ 328,389</u>	<u>\$ 152,173</u>

\$271,463 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, 2024. 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 Ending <u>June 30,</u>	<u>Amount</u>
2024	\$ (97,573)
2025	(78,990)
2026	(158,017)
2027	279,806
2028	<u>(40,473)</u>
Total	<u>\$ (95,247)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of a quadrennial experience study that covered the period July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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 geometric 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%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	<u>8.0</u>	3.66
Total	<u>100.0%</u>	

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

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

	1% Decrease <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	\$2,347,603	\$1,260,039	\$301,595

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, 2023, the District reported no payables to IPERS for legally required District contributions or 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 and prescription drug benefits for employees, retirees, and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits - Individuals who are employed by Springville 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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>59</u>
Total	<u>60</u>

Total OPEB Liability - The District's total OPEB liability of \$539,332 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2023 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, 2023)	2.25% per annum.
Rates of salary increase (effective June 30, 2023)	2.5% per annum.
Discount rate (effective June 30, 2023)	3.86% per annum.

Healthcare cost trend rate
(effective June 30, 2023)

6.7% initial rate FY22 decreasing annually
to an ultimate rate of 3.7% in FY25.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.86% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 mortality tables with projected mortality improvements based on scale MP-2017, and other adjustments. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	<u>\$ 495,967</u>
Changes for the year:	
Service cost	48,420
Interest	19,811
Differences between expected and actual experiences	-
Changes in assumptions	(9,837)
Demographic changes	-
Recognition of deferred inflows/outflows	-
Benefit payments	<u>(15,029)</u>
Net changes	<u>43,365</u>
Total OPEB liability end of year	<u><u>\$ 539,332</u></u>

Changes of assumptions reflect a change in the discount rate from 3.69% in fiscal year 2022 to 3.86% in fiscal year 2023.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.86%) or 1% higher (4.86%) than the current discount rate.

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total OPEB liability	<u>\$599,715</u>	<u>\$539,332</u>	<u>\$484,953</u>

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 it were calculated using healthcare cost trend rates that are 1% lower (5.7%) or 1% higher (7.7 than the current healthcare cost trend rates.

	1% Decrease (5.7%)	Healthcare Cost Trend Rate (6.7%)	1% Increase (7.7%)
Total OPEB liability	\$ 452,897	\$ 539,332	\$ 647,844

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2023, the District recognized OPEB expense of \$43,365. At June 30, 2023 the District reported no deferred outflows or inflows 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 \$184,715 for the year ended June 30, 2023 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 non-compliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2023, 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. 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, 2023.

<u>Program</u>	<u>Amount</u>
Home school assistance program	\$ 10,389
Special education deficit supplemental state aid	64,721
Statewide voluntary preschool	33,729
Beginning teacher mentoring and induction program	50,957
Teacher salary supplement	14,255
Early literacy	1,222
Educator quality, professional development	<u>51,700</u>
	<u>\$ 226,973</u>

Note 13. Deficit Net Position

The District’s had a negative unrestricted net position in the governmental activities and total activities of \$120,804 and \$53,530, respectively, at June 30, 2023.

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 Marion 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, 2023 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Marion	Urban Renewal	\$ 116

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, 2023, this reimbursement amounted to \$65.

Note 15. Subsequent Events

The District has evaluated subsequent events through January 15, 2024 which is the date that the financial statements were available to be issued.

Required Supplementary Information

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
 All Governmental Funds and Proprietary Funds
 Required Supplementary Information
 For the Year Ended June 30, 2023

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Total Actual	<u>Budgeted Amounts</u> Original	<u>Final</u>	Final to Actual <u>Variance</u>
Revenues						
Local sources	\$ 3,966,404	\$ 244,495	\$4,210,899	\$3,770,039	\$3,770,039	\$ 440,860
State sources	3,484,346	1,909	3,486,255	3,455,839	3,455,839	30,416
Federal sources	314,488	164,572	479,060	243,000	243,000	236,060
Total revenues	<u>7,765,238</u>	<u>410,976</u>	<u>8,176,214</u>	<u>7,468,878</u>	<u>7,468,878</u>	<u>707,336</u>
Expenditures/Expenses						
Instruction	4,121,070	-	4,121,070	4,195,000	4,355,000	233,930
Support services	2,563,636	-	2,563,636	2,405,750	2,605,750	42,114
Non-instructional programs	-	384,421	384,421	285,000	410,000	25,579
Other expenditures	905,099	-	905,099	2,001,302	2,001,302	1,096,203
Total expenditures/expenses	<u>7,589,805</u>	<u>384,421</u>	<u>7,974,226</u>	<u>8,887,052</u>	<u>9,372,052</u>	<u>1,397,826</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	175,433	26,555	201,988	(1,418,174)	(1,903,174)	2,105,162
Net other financing sources	<u>9,000</u>	<u>-</u>	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>9,000</u>
Change in fund balance	184,433	26,555	210,988	(1,418,174)	(1,903,174)	2,114,162
Balance, beginning of year	3,552,606	63,822	3,616,428	2,921,021	2,921,021	695,407
Balance, end of year	<u>\$ 3,737,039</u>	<u>\$ 90,377</u>	<u>\$3,827,416</u>	<u>\$1,502,847</u>	<u>\$1,017,847</u>	<u>\$2,809,569</u>

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2023

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 Internal Service 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/expenses 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. The District amended its budget one time during the year ended June 30, 2023, increasing expenditures by \$485,000.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
For the Last Nine Years*
Required Supplementary Information

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.031746%	0.031626%	0.031075%	0.031497%	0.029710%	0.029307%	0.029018%	0.030125%	0.033534%
District's proportionate share of the net pension liability	\$ 1,260,039	\$ 44,337	\$ 2,167,679	\$ 1,836,125	\$ 1,879,508	\$ 1,934,739	\$ 1,809,614	\$ 1,497,628	\$ 1,357,157
District's covered payroll	\$ 2,675,857	\$ 2,566,861	\$ 2,566,861	\$ 2,418,258	\$ 2,233,005	\$ 2,177,525	\$ 2,078,153	\$ 2,082,631	\$ 2,239,250
District's proportionate share of the net pension liability as a percentage of its covered payroll	47.09%	1.73%	84.45%	75.93%	84.17%	88.85%	87.08%	71.91%	60.61%
IPERS' net position as a percentage of the total pension liability	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

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.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 271,465	\$ 252,601	\$ 242,386	\$ 231,533	\$ 228,284	\$ 199,407	\$ 194,453	\$ 185,579	\$ 185,979	\$ 199,965
Contributions in relation to the statutorily required contribution	<u>(271,465)</u>	<u>(252,601)</u>	<u>(242,386)</u>	<u>(231,533)</u>	<u>(228,284)</u>	<u>(199,407)</u>	<u>(194,453)</u>	<u>(185,579)</u>	<u>(185,979)</u>	<u>(199,965)</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	\$2,875,687	\$2,675,857	\$2,566,861	\$2,452,682	\$2,418,258	\$2,233,005	\$2,177,525	\$2,078,153	\$2,082,631	\$2,239,250
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Pension Liability
For the Year Ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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.

Springville Community School District
Schedule of Changes in the District's
Total OPEB Liability, Related Ratios and Notes
For the Last Six Years
Required Supplementary Information

	2023	2022	2021	2020	2019	2018
Service cost	\$ 48,420	\$ 65,332	\$ 54,795	\$ 53,452	\$ 52,148	\$ 87,275
Interest cost	19,811	12,597	13,745	20,664	17,536	16,575
Difference between expected and actual experiences	-	(23,444)	-	(144,430)	-	-
Changes in assumptions	(9,837)	(142,267)	32,945	(23,231)	30,262	(1,482)
Benefit payments	(15,029)	(14,012)	(19,858)	(50,520)	-	-
Net change in total OPEB liability	43,365	(101,794)	81,627	(144,065)	99,946	102,368
Total OPEB liability beginning of year	495,967	597,761	516,134	660,199	560,253	457,885
Total OPEB liability end of year	<u>\$ 539,332</u>	<u>\$ 495,967</u>	<u>\$ 597,761</u>	<u>\$ 516,134</u>	<u>\$ 660,199</u>	<u>\$ 560,253</u>
Covered-employee payroll	\$ 2,627,545	\$ 2,733,435	\$ 2,537,588	\$ 2,316,524	\$ 2,053,923	\$ 1,677,184
Total OPEB liability as a percentage of covered-employee payroll	20.53%	18.14%	23.56%	22.28%	32.14%	33.40%

See accompanying Independent Auditor's Report.

Springville Community School District
Notes to Required Supplementary Information – OPEB Liability and Related Ratios
Year Ended June 30, 2023

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

There were no significant 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, 2023	3.86%
Year ended June 30, 2022	3.69%
Year ended June 30, 2021	1.92%
Year ended June 30, 2020	2.45%
Year ended June 30, 2019	3.13%
Year ended June 30, 2018	3.62%
Year ended June 30, 2017	3.56%

Note: GASB Statement No. 75 requires 10 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.

Supplementary Information

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

Schedule 1

	Special Revenue		Capital Projects Physical Plant & Equipment	Total
	Student Activity	Management Levy	Levy	
Assets				
Cash, cash equivalents and pooled investments	\$166,114	\$373,045	\$333,077	\$ 872,236
Receivables				
Property tax				
Delinquent	-	1,435	1,349	2,784
Succeeding year	-	300,000	290,443	590,443
Total assets	\$166,114	\$674,480	\$624,869	\$1,465,463
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 1,102	\$ -	\$ 33,922	\$ 35,024
Deferred inflows of resources				
Unavailable revenue				
Succeeding year property tax	-	300,000	290,443	590,443
Fund balances				
Restricted for				
Student activities	165,012	-	-	165,012
Management levy purposes	-	374,480	-	374,480
Physical plant and equipment	-	-	300,504	300,504
Total fund balances	165,012	374,480	300,504	839,996
Total liabilities, deferred inflows of resources and fund balances	\$166,114	\$674,480	\$624,869	\$1,465,463

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

Schedule 2

	Special Revenue		Capital Projects Physical Plant & Equipment	
Revenues	Student Activity	Management Levy	Levy	Total
Local sources				
Local taxes	\$ -	\$300,958	\$ 283,060	\$584,018
Other	254,021	5,026	745	259,792
Total revenues	254,021	305,984	283,805	843,810
Expenditures				
Current				
Instruction				
Other	227,832	-	-	227,832
Support services				
Instructional staff	-	-	131,571	131,571
Administration	-	33,862	39,024	72,886
Operation and maintenance of plant	-	159,327	27,699	187,026
Transportation	-	19,500	75,417	94,917
Total support services	-	212,689	273,711	486,400
Other expenditures				
Facilities acquisition	-	-	25,966	25,966
Total expenditures	227,832	212,689	299,677	740,198
Change in fund balances	26,189	93,295	(15,872)	103,612
Fund balances, beginning of year	138,823	281,185	316,376	736,384
Fund balances, end of year	\$165,012	\$374,480	\$ 300,504	\$839,996

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2023

Schedule 3

	<u>School Nutrition</u>	<u>Preschool</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$105,185	\$ 55,229	\$ 160,414
Accounts receivable	278	50	328
Due from other fund	333	-	333
Inventories	4,437	-	4,437
Total current assets	<u>110,233</u>	<u>55,279</u>	<u>165,512</u>
Noncurrent assets			
Capital assets, net of accumulated depreciation	<u>23,103</u>	-	<u>23,103</u>
Total assets	<u>133,336</u>	<u>55,279</u>	<u>188,615</u>
Deferred Outflows of Resources			
Pension related deferred outflows	<u>8,266</u>	<u>4,808</u>	<u>13,074</u>
Liabilities			
Current liabilities			
Accounts payable	1,260	-	1,260
Salaries and benefits payable	13,353	8,432	21,785
Advances from grantors	15,759	-	15,759
Due to other governments	9,729	-	9,729
Unearned revenue	<u>6,559</u>	<u>-</u>	<u>6,559</u>
Total current liabilities	46,660	8,432	55,092
Noncurrent liabilities			
Net pension liability	<u>31,715</u>	<u>18,447</u>	<u>50,162</u>
Total liabilities	<u>78,375</u>	<u>26,879</u>	<u>105,254</u>
Deferred Inflows of Resources			
Pension related deferred inflows	<u>3,830</u>	<u>2,228</u>	<u>6,058</u>
Net Position			
Investment in capital assets	23,103	-	23,103
Unrestricted	<u>36,294</u>	<u>30,980</u>	<u>67,274</u>
Total net position	<u>\$ 59,397</u>	<u>\$ 30,980</u>	<u>\$ 90,377</u>

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2023

Schedule 4

	School <u>Nutrition</u>	<u>Preschool</u>	<u>Total</u>
Operating revenue			
Local sources			
Charges for service	<u>\$ 152,463</u>	<u>\$ 91,742</u>	<u>\$ 244,205</u>
 Operating expenses			
Non-instructional programs			
Food service operations			
Salaries	72,676	43,842	116,518
Benefits	5,207	16,389	21,596
Purchased services	31,788	-	31,788
Supplies	206,052	962	207,014
Miscellaneous	3,514	-	3,514
Depreciation	<u>3,991</u>	<u>-</u>	<u>3,991</u>
	<u>323,228</u>	<u>61,193</u>	<u>384,421</u>
Total operating expenses	<u>323,228</u>	<u>61,193</u>	<u>384,421</u>
 Operating income (loss)	<u>(170,765)</u>	<u>30,549</u>	<u>(140,216)</u>
 Non-operating revenue			
Interest income	290	-	290
State sources	1,909	-	1,909
Federal sources	<u>164,572</u>	<u>-</u>	<u>164,572</u>
Total non-operating revenue	<u>166,771</u>	<u>-</u>	<u>166,771</u>
 Change in net position	(3,994)	30,549	26,555
Net position beginning of year	<u>63,391</u>	<u>431</u>	<u>63,822</u>
Net position end of year	<u>\$ 59,397</u>	<u>\$ 30,980</u>	<u>\$ 90,377</u>

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2023

Schedule 5

	<u>School</u>	<u>Preschool</u>	<u>Total</u>
	<u>Nutrition</u>		
Cash flows from operating activities			
Cash received from sale of services	\$ 150,703	\$ 91,692	\$ 242,395
Cash payments to employees for services	(86,351)	(58,712)	(145,063)
Cash payments to suppliers for goods and services	<u>(220,577)</u>	<u>(1,058)</u>	<u>(221,635)</u>
Net cash provided by (used in) operating activities	<u>(156,225)</u>	<u>31,922</u>	<u>(124,303)</u>
Cash flows from non-capital financing activities			
State grants received	1,909	-	1,909
Federal grants received	<u>155,491</u>	<u>-</u>	<u>155,491</u>
Net cash provided by non-capital financing activities	<u>157,400</u>	<u>-</u>	<u>157,400</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	<u>(5,957)</u>	<u>-</u>	<u>(5,957)</u>
Cash flows from investing activities			
Interest on investments	<u>290</u>	<u>-</u>	<u>290</u>
Net increase (decrease) in cash and cash equivalents	(4,492)	31,922	27,430
Cash and cash equivalents, beginning of year	109,677	23,307	132,984
Cash and cash equivalents, end of year	<u>\$ 105,185</u>	<u>\$ 55,229</u>	<u>\$ 160,414</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (170,765)	\$ 30,549	\$ (140,216)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	3,991	-	3,991
Commodities used	24,840	-	24,840
Change in assets and liabilities:			
Accounts receivable	(97)	(50)	(147)
Inventories	2,874	-	2,874
Due from other fund	(333)	-	(333)
Deferred outflows of resources	2,214	141	2,355
Due to other governments	(8,028)	-	(8,028)
Net pension liability	30,545	17,915	48,460
Deferred inflows of resources	(39,862)	(18,409)	(58,271)
Accounts payable	1,091	(96)	995
Unearned revenue	(1,663)	-	(1,663)
Accrued salaries and benefits	<u>(1,032)</u>	<u>1,872</u>	<u>840</u>
Net cash provided by (used in) operating activities	<u>\$ (156,225)</u>	<u>\$ 31,922</u>	<u>\$ (124,303)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2023, the District received \$24,840 of federal commodities.

Springville Community School District
Schedule of Changes in Special Revenue Fund, Student Accounts
For the Year Ended June 30, 2023

Schedule 6

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Cross country	\$ 803	\$ 2	\$ 319	\$ 486
Boys basketball	5,606	3,876	4,880	4,602
Football	7,184	21,565	22,683	6,066
Boys baseball	3,863	14,607	12,516	5,954
Boys track	186	410	108	488
Golf	500	1,105	1,534	71
Wrestling	109	25,953	7,542	18,520
Girls basketball	6,150	12,679	13,104	5,725
Girls volleyball	5,520	9,449	6,818	8,151
Girls softball	7,762	2,921	6,865	3,818
Girls track	199	663	48	814
Gate money	4,411	55,224	53,234	6,401
JH track	292	1,963	1,997	258
Weight room	1,160	75	1,194	41
Cheerleading	641	1,303	1,347	597
Vocal resale	5,170	659	209	5,620
HS instrumental	-	-	-	-
HS musical	1,441	1,702	1,008	2,135
Supply store	411	2	-	413
Pictures	6,271	1,323	1,130	6,464
BPA	-	3,314	2,304	1,010
Student senate - elementary	1,277	4,715	4,237	1,755
Fine arts	682	2,143	2,345	480
Elementary instrumental resale	2,877	87	52	2,912
Book fair	4,294	5,435	5,169	4,560
HS instrumental music	284	238	332	190
Drama	979	4	52	931
Art club	4,533	19	-	4,552
Dance	743	10,264	9,527	1,480
TADA	165	1	-	166
MS science club	735	3	-	738
Archery program	49,773	31,353	35,899	45,227

See accompanying Independent Auditor's Report.

Springville Community School District
Schedule of Changes in Special Revenue Fund, Student Accounts
For the Year Ended June 30, 2023

Schedule 6

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Yearbook	\$ 2,784	\$ 1,943	\$ 1,868	\$ 2,859
Mfg. enterprise	124	-	-	124
Student senate - MS	2,080	113	174	2,019
Student senate - HS	1,642	292	466	1,468
Color guard	115	8,034	6,441	1,708
Class of 2028	-	50		50
Class of 2027	-	2,340	1,648	692
Class of 2022	534	-	-	534
Class of 2023	2,297	7,404	6,074	3,627
Class of 2024	7	10,090	6,719	3,378
Class of 2025	-	123	123	-
Class of 2026	50	-	-	50
FFA	4,990	10,573	7,834	7,729
Instrument repair	<u>179</u>	<u>2</u>	<u>32</u>	<u>149</u>
Totals	<u>\$ 138,823</u>	<u>\$ 254,021</u>	<u>\$ 227,832</u>	<u>\$ 165,012</u>

See accompanying Independent Auditor's Report.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Local sources										
Local tax	\$2,604,748	\$2,475,748	\$2,601,752	\$2,520,411	\$2,445,333	\$2,392,410	\$2,292,378	\$1,746,418	\$1,615,947	\$1,441,952
Tuition	844,334	638,723	612,688	615,167	583,114	538,160	528,356	469,444	403,462	330,235
Other	517,322	522,930	390,648	390,431	465,018	320,695	391,582	291,860	254,517	246,897
State sources	3,484,346	3,361,512	3,052,660	2,997,190	3,039,550	2,740,246	2,625,225	2,652,089	2,507,496	2,505,549
Federal sources	314,488	285,276	245,897	98,649	108,372	93,388	128,290	88,900	81,442	82,722
Total revenues	\$7,765,238	\$7,284,189	\$6,903,645	\$6,621,848	\$6,641,387	\$6,084,899	\$5,965,831	\$5,248,711	\$4,862,864	\$4,607,355
Expenditures										
Current										
Instruction										
Regular	\$2,712,622	\$2,605,747	\$2,474,118	\$2,197,700	\$2,223,980	\$2,087,090	\$2,138,789	\$2,016,242	\$1,973,049	\$2,063,406
Special	609,630	523,735	504,995	546,304	572,475	473,977	519,098	406,920	426,288	490,347
Other	798,818	771,157	630,338	544,387	607,259	666,866	534,380	471,764	436,067	417,308
Support services										
Student	187,411	186,554	178,263	169,623	159,401	147,585	142,273	138,714	144,907	135,274
Instructional staff	325,532	255,175	227,840	173,464	189,972	188,798	167,015	150,720	124,252	195,333
Administration	836,054	814,852	755,149	708,880	690,454	673,441	646,408	780,873	547,316	622,837
Operation and maintenance of plant	965,571	804,360	558,121	505,355	595,068	582,138	498,246	394,878	345,552	399,220
Transportation	249,068	338,153	173,667	180,003	196,311	153,405	165,081	208,964	152,371	247,533
Other expenditures										
Facilities acquisition	117,287	968,627	904,989	194,732	149,877	1,140,119	3,978,041	267,813	18,745	30,052
Long-term debt										
Principal	490,000	475,000	460,000	630,000	435,000	425,000	440,000	3,222,936	125,000	120,000
Interest and other charges	113,097	123,197	133,943	170,208	152,481	161,930	247,822	104,552	143,057	147,957
AEA flowthrough	184,715	183,332	170,553	166,477	166,354	162,657	157,192	160,905	160,956	159,107
Total expenditures	\$7,589,805	\$8,049,889	\$7,171,976	\$6,187,133	\$6,138,632	\$6,863,006	\$9,634,345	\$8,325,281	\$4,597,560	\$5,028,374

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 Springville Community School District:

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Springville Community School District as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated January 15, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Springville 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 financial statements. 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, 2023 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.

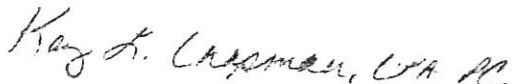
Springville Community School District's Responses to the Findings

Government Auditing Standards require the auditor to perform limited procedure on Springville Community School District's responses to the findings identified in my audit and described in the accompanying Schedule of Findings. Springville Community School District's responses were not subjected to the other 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 Springville 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
January 15, 2024

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2023

Part I. Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL 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 segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials, to provide additional controls through review of financial transactions, reconciliations and reports. These independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

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

Conclusion - Response accepted.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2023

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 a material misstatement on the District's Certified Annual Report (CAR) that was not detected by the District's internal controls. The District misreported money set aside for future bond payments as principal payment on debt, resulting in expenditures being overstated and fund balance being understated by \$100,000 in the Debt Service Fund.

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 - We will double-check these in the future to avoid missing any material amounts.

Conclusion - Response accepted.

Part II. Other Findings Related to Required Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2023 did not exceed the amounts budgeted.
2. Questionable Expenditures - No expenditures I believe may not meet the requirements of public purpose as defined in an Attorney General's opinions dated April 25, 1979 were noted.
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.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2023

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 that 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 - Variances regarding the supplementary weighting certified to the Iowa Department of Education were noted. Weighted enrollment was overstated by 0.017 due to the District including concurrent classes that were not allowable for supplementary weighting.

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

Response - We have contacted the Iowa Department of Management and the Iowa Department of Education, as recommended.

Conclusion - Response accepted.

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 Iowa Department of Education.
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 provisions of Chapter 423F.3 of the Code of Iowa were noted.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2023

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, 2023, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	971,381
Revenues			
Statewide sales and services tax revenue	\$ 549,588		
Interest earned	<u>3,643</u>		553,231
Expenditures/transfers out			
School infrastructure			
Equipment	\$ 91,321		
Transfers to other fund			
Debt service fund	<u>241,693</u>		<u>333,014</u>
Ending balance			<u>\$ 1,191,598</u>

For the year ended June 30, 2023, 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 had negative unrestricted net position in the governmental activities and total activities of \$120,804 and \$53,530, respectively, at June 30, 2023.

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

Response - These deficits were a result of implementing GASB Statement No. 68 during the year ended June 30, 2016. We will review the situation and implement changes, as we deem necessary.

Conclusion - Response accepted.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2023

This audit was performed by

Kay Chapman, CPA
Terri Slater, staff accountant