

SPRINGVILLE COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2022

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SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Officials  
June 30, 2022

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Kate O'Brien-May	Board President	2025
Albert Martin	Vice President	2023
Amy Hosek	Board Member	2023
Patrick Hoyt	Board Member	2023
Leisa Breitfelder	Board Member	2025
<b>School Officials</b>		
Pat Hocking	Superintendent	2022
Stacey Matus	District Secretary/Treasurer	Indefinite
Ahlers & Cooney, P.C.	Attorney	Indefinite



# Kay L. Chapman, CPA PC

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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, 2022, 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, 2022 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 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.

#### Emphasis of a Matter

As discussed in Note 14 to the financial statements, Springville Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. My opinions are not modified with respect to this matter.

## 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 generally accepted auditing standards 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 generally accepted auditing standards 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 15 and 49 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 auditing standards generally accepted in the United States of America, 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, 2021 (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 auditing standards generally accepted in the United States of America. 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 February 17, 2023 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  
February 17, 2023

## **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, 2022. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2022 FINANCIAL HIGHLIGHTS**

- The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain assets and liability accounts related to leases, however had no effect on the beginning net position for governmental activities.
- General Fund revenues increased from \$5,437,952 in fiscal 2021 to \$5,622,688 in fiscal 2022, and General Fund expenditures increased from \$5,231,826 in fiscal 2021 to \$5,754,100 in fiscal 2022. The District's General Fund balance decreased from \$1,770,791 in fiscal 2021 to \$1,664,434 in fiscal 2022, a decrease of 6%.
- The increase in General Fund revenue was due to an increase in State Foundation Aid as a result of an increase in certified enrollment from the previous school year of 19.6 students. Increase in valuations, federal sources, and local sources also contributed to the increased General Fund revenue. State supplemental aid was set at 2.4%, generating \$224,000 in new money FY22.
- General Fund expenditures increased \$522,274 from fiscal 2021. The increase was attributed to increased salaries and benefits, insurance increases, operational costs including utilities, increased transportation costs and increase in tuition payments. The District also used federal ARP ESSERIII funds to pay all employees retention bonuses.
- The District's General Fund ending balance decreased by \$106,357; a decrease from what was reported in the June 30, 2021 MD&A. The General Fund balance on June 30, 2022 was \$1,664,434 or approximately 29% of the total General Fund expenses.
- The District's unspent authorized budget increased by \$54,374 from \$2,234,846 (FY21) to \$2,289,220 (FY22).
- The District's General Fund solvency ratio (Unassigned fund balance + Assigned fund balance/General Fund revenues minus AEA Flow-through) on June 30, 2021 was 28.80%. The District's General Fund solvency ratio on June 30, 2022 was 25.92%, decreasing 2.88%.
- The State of Iowa approved an increase in Supplemental State Aid of 2.4% for the 2021-22 school year. This followed the 2.3% Supplemental State Aid growth in 20-2021.

### **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, 2022 compared to June 30, 2021.

Figure A-1  
Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	Restated		Restated		Restated		
	2022	2021	2022	2021	2022	2021	2021-2022
Current and other assets	\$ 7,248,366	\$ 6,833,860	\$ 140,476	\$ 43,716	\$ 7,388,842	\$ 6,877,576	7.43%
Capital assets	11,090,309	10,183,703	21,137	9,907	11,111,446	10,193,610	9.00%
Total assets	18,338,675	17,017,563	161,613	53,623	18,500,288	17,071,186	8.37%
Deferred outflows of resources	381,836	529,424	15,429	26,777	397,265	556,201	-28.58%

Long-term liabilities	5,452,515	7,925,865	1,702	68,610	5,454,217	7,994,475	-31.78%
Other liabilities	<u>956,748</u>	<u>879,027</u>	<u>47,189</u>	<u>40,618</u>	<u>1,003,937</u>	<u>919,645</u>	9.17%
Total liabilities	<u>6,409,263</u>	<u>8,804,892</u>	<u>48,891</u>	<u>109,228</u>	<u>6,458,154</u>	<u>8,914,120</u>	-27.55%
Deferred inflows of resources	<u>4,148,091</u>	<u>2,468,797</u>	<u>64,329</u>	<u>49,475</u>	<u>4,212,420</u>	<u>2,518,272</u>	67.27%
Net position							
Net investment in							
capital assets	6,176,396	4,954,668	21,137	9,907	6,197,533	4,964,575	24.84%
Restricted	2,123,720	1,839,874	-	-	2,123,720	1,839,874	15.43%
Unrestricted	<u>(136,959)</u>	<u>(521,244)</u>	<u>42,685</u>	<u>(88,210)</u>	<u>(94,274)</u>	<u>(609,454)</u>	84.53%
Total net position	<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%

The District's total net position increased by 33%, or \$2,031,984 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 \$283,846, or 15% 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 \$515,180, or 85%. This increase is mostly due to the change in the District's proportionate share of the IPERS pension liability & OPEB related deferred outflows of resources and deferred inflow of resources in the District financial statements as compared to fiscal 2021.

Figure A-2 shows the changes in net position for the year ended June 30, 2022 compared to the year ended June 30, 2021.



Figure A-2

	Change in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2021-2022</u>
Revenues							
Program revenues							
Charges for service and sales	\$ 1,007,661	\$ 941,808	\$ 114,298	\$ 84,783	\$ 1,121,959	\$ 1,026,591	9.29%
Operating grants	1,040,717	942,883	341,045	235,660	1,381,762	1,178,543	17.24%
General revenues							
Property tax	2,443,306	2,411,618	-	-	2,443,306	2,411,618	1.31%
Income surtax	34,934	40,381	-	-	34,934	40,381	-13.49%
Statewide sales, services and use tax	483,747	384,107	-	-	483,747	384,107	25.94%
Unrestricted state grants	2,111,503	1,960,222	-	-	2,111,503	1,960,222	7.72%
Contributions and donations	57,094	-	-	-	57,094	-	100.00%
Unrestricted investment earnings	6,087	9,085	18	21	6,105	9,106	-32.96%
Other	<u>91,139</u>	<u>52,509</u>	<u>-</u>	<u>-</u>	<u>91,139</u>	<u>52,509</u>	73.57%
Total revenues	<u>7,276,188</u>	<u>6,742,613</u>	<u>455,361</u>	<u>320,464</u>	<u>7,731,549</u>	<u>7,063,077</u>	9.46%
Program expenses							
Governmental activities							
Instruction	3,591,736	3,677,368	-	-	3,591,736	3,677,368	-2.33%
Support services	2,108,110	1,947,668	-	-	2,108,110	1,947,668	8.24%
Non-instructional programs	-	-	313,236	316,647	313,236	316,647	-1.08%
Other expenses	<u>519,321</u>	<u>543,793</u>	<u>-</u>	<u>-</u>	<u>519,321</u>	<u>543,793</u>	-4.50%
Total expenses	<u>6,219,167</u>	<u>6,168,829</u>	<u>313,236</u>	<u>316,647</u>	<u>6,532,403</u>	<u>6,485,476</u>	0.72%
Change in net position before transfers and special item	1,057,021	573,784	142,125	3,817	1,199,146	577,601	107.61%
Transfer	-	(16,402)	-	(16,402)	-	-	0.00%
Special item -compensation for loss of capital assets	<u>832,838</u>	<u>938,307</u>	<u>-</u>	<u>9,323</u>	<u>832,838</u>	<u>947,630</u>	100.00%
Change in net position	1,889,859	1,495,689	142,125	29,542	2,031,984	1,525,231	33.22%
Net position beginning of year	<u>6,273,298</u>	<u>4,777,609</u>	<u>(78,303)</u>	<u>(107,845)</u>	<u>6,194,995</u>	<u>4,669,764</u>	32.66%
Net position end 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%

In fiscal year 2022, property tax and unrestricted state grants accounted for approximately 63% 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 \$7,731,549 of which \$7,276,188 was for governmental activities and \$455,361 was for business type activities.

As shown in Figure A-2, the District as a whole experienced a 9% increase in revenues and a 1% increase in expenses. The increases in revenue are largely due to Federal sources, state grants, state and federal meal reimbursements, and 3 year old preschool tuition. The increase in expenses is attributed to salaries and benefits, tuition, and operational costs.

**Governmental Activities**

Revenues for governmental activities were \$7,276,188 and expenses were \$6,219,167 for the year ended June 30, 2022.

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, 2022 compared to those expenses for the year ended June 30, 2021.

Figure A-3

Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	<u>2022</u>	<u>2021</u>	<u>Change</u> <u>2021-2022</u>	<u>2022</u>	<u>2021</u>	<u>Change</u> <u>2021-2022</u>
Instruction	\$ 3,591,736	\$ 3,677,368	-2.3%	\$ 1,860,375	\$ 2,039,314	-8.8%
Support services	2,108,110	1,947,668	8.2%	1,974,425	1,871,584	5.5%
Other expenses	<u>519,321</u>	<u>543,793</u>	-4.5%	<u>335,989</u>	<u>373,240</u>	-10.0%
Total expenses	<u>\$ 6,219,167</u>	<u>\$ 6,168,829</u>	0.8%	<u>\$ 4,170,789</u>	<u>\$ 4,284,138</u>	-2.6%

For the year ended June 30, 2022:

- The cost financed by users of the District’s programs was \$1,007,661.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,040,717.
- The net cost of governmental activities was financed with \$2,961,987 of property and other taxes and \$2,111,503 of unrestricted state grants.

**Business Type Activities**

Revenues for business type activities for the year ended June 30, 2022 were \$455,361 representing a 42% increase over the prior year, while expenses totaled \$313,236, a 1% decrease from 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, federal and state reimbursements, and investment income. The increase in revenue in the Preschool Fund is due to increased tuition for the 3yr old PK program. The increase in revenue in the Nutrition Fund is due to SFSP Federal reimbursement rate increases for meals served to students.

**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 \$3,552,606, above last year’s ending fund balances of \$3,379,003. The primary reason for the increase of \$173,603 in combined fund balances in fiscal 2022 is due to an increase in total assets of the Capital Projects Funds.

## **Governmental Fund Highlights**

The District's General Fund received total revenues of \$5,662,688 and expenditures \$5,754,100; General Fund expenditures exceeded General Fund revenues by \$91,412. The District ended FY22 with an unspent authorized budget of \$2,289,220 and an ending cash balance of \$1,664,434. The District was unable to levy for cash in FY22 and anticipates this in FY23 and FY24 also.

- The General Fund balance decreased from \$1,770,791 in 2021 to \$1,664,434 in 2022. The \$106,357 decrease was primarily due to an increase in General Fund expenditures.
- The Statewide Sales, Services and Use Tax Fund balance increased from \$734,874 in 2021 to \$971,381 in 2022, an increase of \$236,507, due to revenues exceeding expenditures.
- The Physical Plant and Equipment Levy Fund balance decreased from \$373,582 in 2021 to \$316,376 in 2022, a decrease of \$57,206, due to an increase in expenditures.
- The Debt Service Fund balance increased from \$99,690 in 2021 to \$180,407 in 2022 due to an Advanced Surplus Levy of \$80,000.

## **Proprietary Fund Highlights**

Enterprise Fund net position increased from \$(78,303) at June 30, 2021 to \$63,822 at June 30, 2022, an increase of 181%. The increased net position is due largely to the increase in State and Federal resources.

## **BUDGETARY HIGHLIGHTS**

The District did not amend its budget during the year ended June 30, 2022.

The District's total revenues were \$534,580 more than total budgeted revenues, a variance of approximately 7%. The most significant variance resulted from the District receiving increased revenue from State and Federal sources in the nutrition fund.

Total expenditures were \$444,552 more 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.

In spite of the District's budgetary practice, expenditures in the instruction, support services, non-instructional programs and other expenditures functions, as well as total expenditures, exceeded the amounts budgeted due to various building and site repairs needed as a result of the Derecho and also ESSER fund expenditures.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2022, the District had invested \$11,111,446, 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 increase of

9% over last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation/amortization expense for the year was \$396,646.

The original cost of the District's capital assets was \$17,381,134. Governmental funds account for \$17,247,244, with the remainder of \$133,890 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change was in the right-to-use leased asset category, which increased from \$74,035 at June 30, 2021 to \$137,329 at June 30, 2022 due to the purchase of additional assets.

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,	June 30,	June 30,	June 30,
	2022	2021 (Restated)	2022	2021	2022	2021 (Restated)	2021-2022
Land	\$ 453,369	\$ 453,369	\$ -	\$ -	\$ 453,369	\$ 453,369	0.00%
Buildings and improvements	9,947,331	9,253,820	-	-	9,947,331	9,253,820	7.49%
Site improvements	195,614	200,183	-	-	195,614	200,183	-2.28%
Furniture and equipment	356,666	202,296	21,137	9,907	377,803	212,203	78.04%
Right-to-use leased equipment	<u>137,329</u>	<u>74,035</u>	<u>-</u>	<u>-</u>	<u>137,329</u>	<u>74,035</u>	85.49%
Totals	<u>\$11,090,309</u>	<u>\$10,183,703</u>	<u>\$ 21,137</u>	<u>\$ 9,907</u>	<u>\$11,111,446</u>	<u>\$10,193,610</u>	9.00%

**Long-Term Debt**

At June 30, 2022, the District had \$5,454,217 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 32% from last year. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 5 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 received special permission from the State of Iowa allowing its outstanding general obligation debt to exceed its constitutional debt limit of approximately \$8 million.

During the year ended June 30, 2022, the District entered into a lease agreement for computers. The agreement is for \$118,887 and requires four annual payments of \$29,555 beginning July 15, 2021.

On March 4, 2022, the District entered into an equipment purchase agreement for the purchase of a bus. The agreement is for \$106,465 and requires three annual payments of \$36,918 beginning March 4, 2023.

Figure A-5

Outstanding Long-term Obligations			
	Total School District		Total Change
	June 30,		June 30,
	<u>2021</u>	2021 (Restated)	<u>2020-2021</u>
Governmental activities			
General obligation bonds	\$ 3,145,000	\$ 3,420,000	-8.04%
Revenue bonds	1,535,000	1,735,000	-11.53%
Equipment purchase agreements	106,465	-	100.00%
Lease agreements	127,448	74,035	72.15%
Net pension liability	42,635	2,099,069	-97.97%
Net OPEB liability	<u>495,967</u>	<u>597,761</u>	-17.03%
	5,452,515	7,925,865	-31.21%
Business type activities			
Net pension liability	<u>1,702</u>	<u>68,610</u>	-97.52%
Total	<u>\$ 5,454,217</u>	<u>\$ 7,994,475</u>	-31.78%

### **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 is hopeful 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 new money received from the State.
- The District anticipates expenditure increases due to increasing inflation and rising costs.
- The District continues to take advantage of sharing positions in an effort 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 will ask voters to renew the voter approved levy for the period of 10 years at a March 7, 2023 special election.
- The District continues to see General Fund savings through partially self-funded health insurance and use of equipment breakdown insurance.
- The District has developed and closely monitors a line-item budget in an effort to reduce expenditures, if needed, to increase or stabilize the District's unspent balance.

- The new legislation on open enrollment and the Students First Act brings uncertainties for future planning and budgeting.
- The District continues 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 fall of 2023 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, 2022

Exhibit A

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$4,333,233	\$ 132,984	\$ 4,466,217
Receivables	.		
Property tax			
Delinquent	13,189	-	13,189
Succeeding year	2,556,164	-	2,556,164
Accounts receivable	-	181	181
Income surtax	32,325	-	32,325
Due from other governments	313,455	-	313,455
Inventories	-	7,311	7,311
Non-depreciable capital assets	453,369	-	453,369
Capital assets, net of accumulated depreciation/amortization	10,636,940	21,137	10,658,077
Total assets	18,338,675	161,613	18,500,288
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	381,836	15,429	397,265
<b>Liabilities</b>			
Accounts payable	42,468	265	42,733
Salaries and benefits payable	453,987	20,945	474,932
Due to other governments	431,900	17,757	449,657
Accrued interest payable	6,997	-	6,997
Unearned revenue	-	8,222	8,222
Advances from grantors	21,396	-	21,396
Long-term liabilities			
Portion due within one year			
General obligation bonds payable	285,000	-	285,000
Lease agreements	65,186	-	65,186
Equipment purchase agreements	34,788	-	34,788
Total OPEB liability	14,012	-	14,012
Portion due after one year			
General obligation bonds payable	2,860,000	-	2,860,000
Revenue bonds payable	1,535,000	-	1,535,000
Lease agreements	62,262	-	62,262
Equipment purchase agreements	71,677	-	71,677
Net pension liability	42,635	1,702	44,337
Total OPEB liability	481,955	-	481,955
Total liabilities	6,409,263	48,891	6,458,154

See notes to financial statements.



SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Statement of Net Position  
June 30, 2022

Exhibit A

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	\$2,556,164	\$ -	\$ 2,556,164
Pension related deferred inflows	<u>1,591,927</u>	<u>64,329</u>	<u>1,656,256</u>
Total deferred inflows of resources	<u>4,148,091</u>	<u>64,329</u>	<u>4,212,420</u>
Net investment in capital assets	6,176,396	21,137	6,197,533
Restricted for			
Categorical funding	242,545	-	242,545
Management levy purposes	281,185	-	281,185
Physical plant and equipment	316,376	-	316,376
Student activities	138,823	-	138,823
School infrastructure	971,381	-	971,381
Debt service	173,410	-	173,410
Unrestricted	<u>(136,959)</u>	<u>42,685</u>	<u>(94,274)</u>
Total net position	<u>\$8,163,157</u>	<u>\$ 63,822</u>	<u>\$ 8,226,979</u>

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2022

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
<b>Functions/Programs</b>							
Governmental activities							
Instruction							
Regular instruction	\$ 2,398,039	\$ 613,121	\$ 828,745	\$ -	\$ (956,173)	\$ -	\$ (956,173)
Special instruction	481,427	79,576	21,196	-	(380,655)	-	(380,655)
Other instruction	712,270	184,122	4,601	-	(523,547)	-	(523,547)
	<u>3,591,736</u>	<u>876,819</u>	<u>854,542</u>	<u>-</u>	<u>(1,860,375)</u>	<u>-</u>	<u>(1,860,375)</u>
Support services							
Student	164,271	44,060	-	-	(120,211)	-	(120,211)
Instructional staff	239,277	-	-	-	(239,277)	-	(239,277)
Administration	745,154	22,224	-	-	(722,930)	-	(722,930)
Operation and maintenance of plant	752,013	62,478	-	-	(689,535)	-	(689,535)
Transportation	207,395	2,080	2,843	-	(202,472)	-	(202,472)
	<u>2,108,110</u>	<u>130,842</u>	<u>2,843</u>	<u>-</u>	<u>(1,974,425)</u>	<u>-</u>	<u>(1,974,425)</u>
Other expenses							
Facilities acquisition	15,474	-	-	-	(15,474)	-	(15,474)
Long-term debt interest	59,186	-	-	-	(59,186)	-	(59,186)
AEA flowthrough	183,332	-	183,332	-	-	-	-
Depreciation/amortization (unallocated)	261,329	-	-	-	(261,329)	-	(261,329)
	<u>519,321</u>	<u>-</u>	<u>183,332</u>	<u>-</u>	<u>(335,989)</u>	<u>-</u>	<u>(335,989)</u>
Total governmental activities	<u>6,219,167</u>	<u>1,007,661</u>	<u>1,040,717</u>	<u>-</u>	<u>(4,170,789)</u>	<u>-</u>	<u>(4,170,789)</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, 2022

	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
<b><u>Functions/Programs (continued)</u></b>					
Business type activities					
Non-instructional programs					
Food service operations	\$ 264,598	\$ 34,120	\$ 341,045	\$ -	\$ 110,567
Preschool program	48,638	80,178	-	-	31,540
Total business type activities	313,236	114,298	341,045	-	142,107
Total	\$ 6,532,403	\$ 1,121,959	\$ 1,381,762	\$ -	(4,028,682)
<b><u>General Revenues</u></b>					
Property tax levied for					
General purposes					1,739,553
Debt service					434,471
Capital outlay					269,282
Income surtax					34,934
Statewide sales, services and use tax					483,747
Unrestricted state grants					2,111,503
Contributions and donations					57,094
Unrestricted investment earnings					6,105
Other					91,139
Total general revenues			5,227,810	18	5,227,828
Change in net position before special item			1,057,021	142,125	1,199,146
Special item - compensation for loss of capital asset			832,838	-	832,838
Change in net position			1,889,859	142,125	2,031,984
Net position beginning of year			6,273,298	(78,303)	6,194,995
Net position end of year			\$ 8,163,157	\$ 63,822	\$ 8,226,979

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2022

Exhibit C

	Capital Projects			Debt Service	Nonmajor Special Revenue Funds	Total
	General	Statewide Sales, Services and Use Tax	Physical Plant & Equipment Levy			
<b>Assets</b>						
Cash, cash equivalents and pooled investments	\$2,312,933	\$ 940,853	\$321,365	\$ 180,322	\$ 420,240	\$4,175,713
Receivables						
Property tax						
Delinquent	8,213	-	1,449	2,335	1,192	13,189
Succeeding year	1,518,099	-	282,160	455,905	300,000	2,556,164
Income surtax	32,325	-	-	-	-	32,325
Due from other governments	279,302	34,153	-	-	-	313,455
Total assets	<u>\$4,150,872</u>	<u>\$ 975,006</u>	<u>\$604,974</u>	<u>\$ 638,562</u>	<u>\$ 721,432</u>	<u>\$7,090,846</u>
 <b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 28,731	\$ 3,625	\$ 6,438	\$ 2,250	\$ 1,424	\$ 42,468
Salaries and benefits payable	453,987	-	-	-	-	453,987
Advances from grantors	21,396	-	-	-	-	21,396
Due to other governments	431,900	-	-	-	-	431,900
Total liabilities	<u>936,014</u>	<u>3,625</u>	<u>6,438</u>	<u>2,250</u>	<u>1,424</u>	<u>949,751</u>
<b>Deferred inflows of resources</b>						
Unavailable revenue						
Succeeding year property tax	1,518,099	-	282,160	455,905	300,000	2,556,164
Income surtax	32,325	-	-	-	-	32,325
Total deferred inflows of resources	<u>1,550,424</u>	<u>-</u>	<u>282,160</u>	<u>455,905</u>	<u>300,000</u>	<u>2,588,489</u>
 <b>Fund balances</b>						
Restricted for						
Categorical funding	242,545	-	-	-	-	242,545
School infrastructure	-	971,381	-	-	-	971,381
Student activities	-	-	-	-	138,823	138,823
Management levy purposes	-	-	-	-	281,185	281,185
Physical plant and equipment	-	-	316,376	-	-	316,376
Debt service	-	-	-	180,407	-	180,407
Unassigned	1,421,889	-	-	-	-	1,421,889
Total fund balances	<u>1,664,434</u>	<u>971,381</u>	<u>316,376</u>	<u>180,407</u>	<u>420,008</u>	<u>3,552,606</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$4,150,872</u>	<u>\$ 975,006</u>	<u>\$604,974</u>	<u>\$ 638,562</u>	<u>\$ 721,432</u>	<u>\$7,090,846</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, 2022

Exhibit D

**Total fund balances of governmental funds** \$3,552,606

**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. 11,090,309

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. 32,325

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. 157,520

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. (6,997)

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	\$ 381,836	
Deferred inflows of resources	<u>(1,591,927)</u>	(1,210,091)

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. (5,452,515)

**Net position of governmental activities** \$8,163,157

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, 2022

Exhibit E

	<u>General</u>	<u>Capital Projects</u>		<u>Debt Service</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total</u>
		<u>Statewide Sales, Services and Use Tax</u>	<u>Physical Plant &amp; Equipment Levy</u>			
Revenues						
Local sources						
Local tax	\$1,554,511	\$ -	\$ 268,093	\$432,555	\$ 220,589	\$2,475,748
Tuition	638,723	-	-	-	-	638,723
Other	270,496	627	3,091	201	248,515	522,930
State sources	2,873,682	483,747	1,189	1,916	978	3,361,512
Federal sources	285,276	-	-	-	-	285,276
Total revenues	<u>5,622,688</u>	<u>484,374</u>	<u>272,373</u>	<u>434,672</u>	<u>470,082</u>	<u>7,284,189</u>
Expenditures						
Current						
Instruction						
Regular	2,602,789	-	-	-	2,958	2,605,747
Special	523,735	-	-	-	-	523,735
Other	514,252	-	-	-	256,905	771,157
	<u>3,640,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259,863</u>	<u>3,900,639</u>
Support services						
Student	186,554	-	-	-	-	186,554
Instructional staff	205,175	-	50,000	-	-	255,175
Administration	769,212	3,625	8,794	-	33,221	814,852
Operation and maintenance	622,465	-	41,294	-	140,601	804,360
Transportation	146,586	-	175,112	-	16,455	338,153
	<u>1,929,992</u>	<u>3,625</u>	<u>275,200</u>	<u>-</u>	<u>190,277</u>	<u>2,399,094</u>
Other expenditures						
Facilities acquisition	-	-	968,627	-	-	968,627
Long-term debt						
Principal	-	-	-	475,000	-	475,000
Interest and fiscal charges	-	-	-	123,197	-	123,197
AEA flowthrough	183,332	-	-	-	-	183,332
	<u>183,332</u>	<u>-</u>	<u>968,627</u>	<u>598,197</u>	<u>-</u>	<u>1,750,156</u>
Total expenditures	<u>5,754,100</u>	<u>3,625</u>	<u>1,243,827</u>	<u>598,197</u>	<u>450,140</u>	<u>8,049,889</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(131,412)</u>	<u>480,749</u>	<u>(971,454)</u>	<u>(163,525)</u>	<u>19,942</u>	<u>(765,700)</u>
Other financing sources (uses)						
Compensation for loss of capital assets	25,055	-	807,783	-	-	832,838
Proceeds from equipment purchase agreement	-	-	106,465	-	-	106,465
Transfers in	-	-	-	244,242	-	244,242
Transfers (out)	-	(244,242)	-	-	-	(244,242)
Total other financing sources (uses)	<u>25,055</u>	<u>(244,242)</u>	<u>914,248</u>	<u>244,242</u>	<u>-</u>	<u>939,303</u>
Change in fund balances	(106,357)	236,507	(57,206)	80,717	19,942	173,603
Fund balance, beginning of year	1,770,791	734,874	373,582	99,690	400,066	3,379,003
Fund balance, end of year	<u>\$1,664,434</u>	<u>\$ 971,381</u>	<u>\$ 316,376</u>	<u>\$180,407</u>	<u>\$ 420,008</u>	<u>\$3,552,606</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, 2022

Exhibit F

**Change in fund balances - total governmental funds** \$ 173,603

**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	\$1,296,071	
Depreciation/amortization expense	<u>(389,465)</u>	906,606

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. (8,056)

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. 58,672

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

Issued	(224,686)	
Repaid	<u>539,808</u>	315,122

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	90,314	
Other postemployment benefits	<u>101,794</u>	192,108

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. (797)

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.

**Change in net position of governmental activities**

252,601  
\$1,889,859

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Statement of Net Position  
Proprietary Funds  
June 30, 2022

Exhibit G

	<u>Nonmajor Enterprise</u>	<u>Governmental Activity Internal Service</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 132,984	\$157,520
Accounts receivable	181	-
Inventories	<u>7,311</u>	<u>-</u>
Total current assets	140,476	157,520
Noncurrent assets		
Capital assets, net of accumulated depreciation	<u>21,137</u>	<u>-</u>
Total assets	<u>161,613</u>	<u>157,520</u>
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	<u>15,429</u>	<u>-</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	265	-
Salaries and benefits payable	20,945	-
Due to other governments	17,757	-
Unearned revenue	<u>8,222</u>	<u>-</u>
Total current liabilities	47,189	
Noncurrent liabilities		
Net pension liability	<u>1,702</u>	<u>-</u>
Total liabilities	<u>48,891</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>		
Pension related deferred inflows	<u>64,329</u>	<u>-</u>
<b>Net Position</b>		
Investment in capital assets	21,137	-
Unrestricted	<u>42,685</u>	<u>157,520</u>
Total net position	<u>\$ 63,822</u>	<u>\$157,520</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, 2022

Exhibit H

	Nonmajor <u>Enterprise</u>	Governmental <u>Activity</u> Internal <u>Service</u>
Operating revenue		
Local sources		
Charges for service	\$114,298	\$103,240
Operating expenses		
Support services		
Administration	-	44,623
Non-instructional programs		
Food service operations	264,598	-
Preschool operations	48,638	-
Total operating expenses	<u>313,236</u>	<u>44,623</u>
Operating income (loss)	<u>(198,938)</u>	<u>58,617</u>
Non-operating revenues		
Interest income	18	55
State sources	1,830	-
Federal sources	339,215	-
Total non-operating revenues	<u>341,063</u>	<u>55</u>
Change in net position	142,125	58,672
Net position beginning of year	<u>(78,303)</u>	<u>98,848</u>
Net position end of year	<u>\$ 63,822</u>	<u>\$157,520</u>

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2022

Exhibit I

	Nonmajor Enterprise	Governmental Activity <u>Internal Service</u>
Cash flows from operating activities		
Cash received from sale of services	\$ 114,589	\$ 103,240
Cash payments to employees for services	(119,127)	(44,623)
Cash payments to suppliers for goods and services	<u>(202,799)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>(207,337)</u>	<u>58,617</u>
Cash flows from non-capital financing activities		
State grants received	1,830	-
Federal grants received	<u>318,110</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>319,940</u>	<u>-</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	<u>(18,411)</u>	<u>-</u>
Cash flows from investing activities		
Interest on investments	<u>18</u>	<u>55</u>
Net increase in cash and cash equivalents	94,210	58,672
Cash and cash equivalents, beginning of year	38,774	98,848
Cash and cash equivalents, end of year	<u>\$ 132,984</u>	<u>\$ 157,520</u>

**Reconciliation of operating income (loss) to net cash provided by (used in) operating activities**

Operating income (loss)	\$(198,938)	\$ 58,617
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	7,181	-
Commodities used	21,520	-
Change in assets and liabilities:		
Accounts receivable	37	-
Inventories	(267)	-
Due from other fund	3,971	-
Deferred outflows of resources	11,348	-
Due to other fund	(6,706)	-
Due to other governments	17,757	-
Net pension liability	(66,908)	-
Deferred inflows of resources	14,854	-
Accounts payable	(16,234)	-
Unearned revenue	254	-
Accrued salaries and benefits	<u>4,794</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$(207,337)</u>	<u>\$ 58,617</u>

**Non-cash investing, capital and related financing activities.**

During the year ended June 30, 2022, the District received \$21,520 of federal commodities.

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2022

**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 Capital Projects - Physical Plant and Equipment Levy Fund is used to account for all resources from the regular and voter-approved levy used for major expenditures related to real property and equipment.

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, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2021.

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.

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 \$281,185 for management levy purposes, \$316,376 for physical plant and equipment, \$138,823 for student activities and \$971,381 for school infrastructure.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022, expenditures in the instruction, support services, non-instructional programs other expenditures functions exceeded the amounts budgeted. Total expenditures also exceeded the amount budgeted.

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, 2022 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. Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2022 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Major Governmental Debt service	Major Capital Projects Statewide sales, services and use tax	\$ 244,242

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 4. Capital Assets

Capital assets activity for the year ended June 30, 2022 was as follows:

	Restated, Balance Beginning of Year	Increases	Decreases	Balance, End of Year
<u>Governmental activities</u>				
Capital assets not being depreciated/amortized:				
Land	\$ 453,369	\$ -	\$ -	\$ 453,369
Capital assets being depreciated/amortized:				
Buildings & improvements	13,147,307	931,953	-	14,079,260
Site improvements	228,396	-	-	228,396
Furniture and equipment	2,048,066	245,897	-	2,293,963
Right-to-use leased equipment	74,035	118,221	-	192,256
Total capital assets being depreciated/amortized	<u>15,497,804</u>	<u>1,296,071</u>	<u>-</u>	<u>16,793,875</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	3,893,487	238,442	-	4,131,929
site Improvements	28,213	4,569	-	32,782
Furniture and equipment	1,845,770	91,527	-	1,937,297
Right-to-use leased equipment	-	54,927	-	54,927
Total accumulated depreciation/amortization	<u>5,767,470</u>	<u>389,465</u>	<u>-</u>	<u>6,156,935</u>
Total capital assets being depreciated/amortized, net	<u>9,730,334</u>	<u>906,606</u>	<u>-</u>	<u>10,636,940</u>
Governmental activities capital assets, net	<u>\$ 10,183,703</u>	<u>\$ 906,606</u>	<u>\$ -</u>	<u>\$ 11,090,309</u>
<u>Business type activities</u>				
Furniture and equipment				
Less accumulated depreciation	\$ 115,479	\$ 18,411	\$ -	\$ 133,890
Business type activities capital assets, net	<u>105,572</u>	<u>7,181</u>	<u>-</u>	<u>112,753</u>
	<u>\$ 9,907</u>	<u>\$ 11,230</u>	<u>\$ -</u>	<u>\$ 21,137</u>

Depreciation/amortization expense was charged to the following functions:

#### Governmental activities

Instruction	
Regular	\$ 61,406
Other	3,408
Support services	
Administration	6,004
Operation and maintenance of plant	5,682
Transportation	<u>51,636</u>
	128,136
Unallocated depreciation/amortization	<u>261,329</u>
Total governmental activities depreciation/ amortization expense	<u>\$ 389,465</u>

**Business type activities**

Food services \$ 7,181

**Note 5. Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2022 are summarized as follows:

	Balance, Beginning of Year <u>as Restated</u>	<u>Additions</u>	<u>Reductions</u>	Balance, End of Year	Due Within <u>One Year</u>
Governmental activities					
Lease agreements	\$ 74,035	\$ 118,221	\$ 64,808	\$ 127,448	\$ 65,186
General obligation bonds	3,420,000	-	275,000	3,145,000	285,000
Revenue bonds	1,735,000	-	200,000	1,535,000	-
Equipment purchase agreements	-	106,465	-	106,465	34,788
Net pension liability	2,099,069	-	2,056,434	42,635	-
Total OPEB liability	<u>597,761</u>	<u>-</u>	<u>101,794</u>	<u>495,967</u>	<u>14,012</u>
Totals	<u>\$ 7,925,865</u>	<u>\$ 224,686</u>	<u>\$ 2,698,036</u>	<u>\$ 5,452,515</u>	<u>\$ 398,986</u>
Business type activities					
Net pension liability	<u>\$ 68,610</u>	<u>\$ -</u>	<u>\$ 66,908</u>	<u>\$ 1,702</u>	<u>\$ -</u>

Interest costs incurred and charged to expense on all long-term debt was \$59,186 for the year ended June 30, 2022. During the year ended June 30, 2022, the District made principal payments on total long-term debt of \$539,808.

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 per Accounting Change/Restatement Note 14. 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, 2022, principal and interest paid were \$5,031 and \$225, respectively.

Year Ending <u>June 30,</u>	<u>Copier Lease</u>			
	Interest <u>Rates</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2023	2.15%	\$ 116	\$ 5,140	\$ 5,256
2024	2.15%	<u>16</u>	<u>2,612</u>	<u>2,628</u>
Totals		<u>\$ 132</u>	<u>\$ 7,752</u>	<u>\$ 7,884</u>

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, 2022, principal and interest paid were \$29,555 and \$0, respectively.

Year	2021 Computer Lease			
Ending	Interest			
June 30,	Rates	Interest	Principal	Total
2023	0.00%	\$ -	\$ 29,555	\$ 29,555
2024	0.00%	-	29,555	29,555
2025	0.00%	-	29,555	29,555
Totals		<u>\$ -</u>	<u>\$ 88,665</u>	<u>\$ 88,665</u>

On June 11, 2020, the District entered into a lease agreement for computers. An initial lease liability was recorded in the amount of \$61,252 per Accounting Change/Restatement Note 14. The agreement requires annual payments of \$31,036 over 2 years with an interest rate of .89% and final payment due July 15, 2023. During the year ended June 30, 2022, principal and interest paid were \$30,222 and \$545, respectively.

Year	2020 Computer Lease			
Ending	Interest			
June 30,	Rates	Interest	Principal	Total
2023	0.89%	\$ 545	\$ 30,491	\$ 31,036
2024	0.89%	274	30,762	31,036
Totals		<u>\$ 819</u>	<u>\$ 61,253</u>	<u>\$ 62,072</u>

### Revenue Bonds

Details of the District's June 30, 2022 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year	Bond issue of September 2015			
Ending	Interest			
June 30,	Rates	Interest	Principal	Total
2023	2.55%	\$ 41,692	\$ 200,000	\$ 241,692
2024	2.55%	36,529	205,000	241,529
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
2028-2030	2.55%	26,584	685,000	711,584
Totals		<u>\$ 182,133</u>	<u>\$ 1,735,000</u>	<u>\$ 1,917,133</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 \$1,917,133. For the current year, no principal or interest was paid on the bonds and statewide sales, services and use tax revenues were \$483,747.

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, 2022 general obligation indebtedness are as follows:

Year Ending June 30,	Bond Issue of July 2016			
	Interest Rates	Interest	Principal	Total
2023	2.00%	\$ 68,905	\$ 285,000	\$ 353,905
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
2028-2032	2.0-2.3%	165,885	915,000	1,080,885
2033-2036	2.5-2.7%	54,160	810,000	864,160
Totals		<u>\$ 506,570</u>	<u>\$ 3,145,000</u>	<u>\$ 3,651,570</u>

Equipment Purchase Agreements

During the year ended June 30, 2022, 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, 2022 are as follows:

Year Ending June 30,	Bus Loan			
	Interest Rates	Interest	Principal	Total
2023	2.00%	\$ 2,129	\$ 34,788	\$ 36,917
2024	2.00%	1,434	35,484	36,918
2025	2.00%	724	36,193	36,917
Totals		<u>\$ 4,287</u>	<u>\$ 106,465</u>	<u>\$ 110,752</u>

**Note 6. Pension Plan**

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://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 2022, 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, 2022 totaled \$252,601.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of \$44,337 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 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, 2021, the District's proportion was 0.031626%, which was a decrease of 0.000551 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$342,915. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 33,735	\$ 33,871
Changes of assumptions	29,000	-
Net difference between projected and actual earnings on IPERS' investments	-	1,606,415
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	80,934	15,970
District contributions subsequent to the measurement date	<u>253,596</u>	<u>-</u>
Total	<u>\$ 397,265</u>	<u>\$ 1,656,256</u>

\$253,596 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, 2023. 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>
2023	\$ (364,453)
2024	(370,547)
2025	(352,074)
2026	(430,830)
2027	5,317
Total	<u>\$ (1,512,587)</u>

There were no non-employer contributing entities to IPERS.



Actuarial Assumptions - The total pension liability in the June 30, 2021 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, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of 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%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	<u>3.0</u>	2.87
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	\$1,569,245	\$44,337	\$(1,233,632)

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](http://www.ipers.org).

Payables to IPERS - At June 30, 2022, 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 7. Other Postemployment Benefits (OPEB)**

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

OPEB Benefits - Individuals who are employed by 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, 2022, 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 \$495,967 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2022 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, 2022)	2.25% per annum.
Rates of salary increase (effective June 30, 2022)	2.5% per annum.
Discount rate (effective June 30, 2022)	3.69% per annum.
Healthcare cost trend rate (effective June 30, 2022)	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 3.69% 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

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 597,761
Changes for the year:	
Service cost	65,332
Interest	12,597
Differences between expected and actual experiences	(23,444)
Changes in assumptions	(142,267)
Benefit payments	<u>(14,012)</u>
Net changes	<u>(101,794)</u>
Total OPEB liability end of year	<u>\$ 495,967</u>

Changes of assumptions reflect a change in the discount rate from 1.92% in fiscal year 2021 to 3.69% in fiscal year 2022.

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 (2.69%) or 1% higher (4.69%) than the current discount rate.

	1% Decrease (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB liability	\$551,001	\$495,967	\$446,374

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.7%) 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	\$420,643	\$495,967	\$590,091

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2022, the District recognized OPEB benefit of \$101,794. At June 30, 2022 the District reported no deferred outflows or inflows of resources related to OPEB.

#### **Note 8. 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 9. Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$183,332 for the year ended June 30, 2022 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

#### **Note 10. 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, 2022, 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 11. Categorical Funding

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

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2022.

<u>Program</u>	
English as second language program	\$ 1,393
Home school assistance program	31,839
At-risk	2,493
Returning dropout and dropout prevention program	44,692
Teacher leadership	63,674
Statewide voluntary preschool	52,682
Beginning teacher mentoring and induction program	8,789
Early Literacy	627
Educator quality, professional development	<u>36,356</u>
	<u>\$ 242,545</u>

### Note 12. Deficit Net Position

The District's governmental activities had a negative unrestricted net position balance of \$136,959 at June 30, 2022.

### Note 13. 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, 2022 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	\$ 104

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, 2022, this reimbursement amounted to \$5.

**Note 14. Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during fiscal year 2022. The new requirements require the reporting of certain lease liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	<u>Capital Assets</u>	<u>Long-term Liabilities Lease Agreements</u>
Balances June 30, 2021, as previously reported	\$ 10,109,668	\$ -
Changes to implement GASB Statement No. 87	<u>74,035</u>	<u>74,035</u>
Balances July 1, 2021, as restated	<u>\$ 10,183,703</u>	<u>\$ 74,035</u>

**Note 15. Subsequent Events**

The District has evaluated subsequent events through February 17, 2023 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, 2022

	Governmental Funds		Proprietary Funds		Total Actual	Budgeted Amounts		Final to Actual Variance
	Actual		Actual			Original	Final	
Revenues								
Local sources	\$ 3,637,401		\$ 114,316		\$ 3,751,717	\$ 3,548,468	\$ 3,548,468	\$ 203,249
State sources	3,361,512		1,830		3,363,342	3,271,502	3,271,502	91,840
Federal sources	285,276		339,215		624,491	385,000	385,000	239,491
Total revenues	<u>7,284,189</u>		<u>455,361</u>		<u>7,739,550</u>	<u>7,204,970</u>	<u>7,204,970</u>	<u>534,580</u>
Expenditures/Expenses								
Instruction	3,900,639		-		3,900,639	3,815,750	3,815,750	(84,889)
Support services	2,399,094		-		2,399,094	2,338,885	2,338,885	(60,209)
Non-instructional programs	-		313,236		313,236	272,000	272,000	(41,236)
Other expenditures	1,750,156		-		1,750,156	1,491,938	1,491,938	(258,218)
Total expenditures/expenses	<u>8,049,889</u>		<u>313,236</u>		<u>8,363,125</u>	<u>7,918,573</u>	<u>7,918,573</u>	<u>(444,552)</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(765,700)		142,125		(623,575)	(713,603)	(713,603)	90,028
Net other financing sources	939,303		-		939,303	-	-	939,303
Change in fund balance	173,603		142,125		315,728	(713,603)	(713,603)	1,029,331
Balance, beginning of year	3,379,003		(78,303)		3,300,700	2,340,667	2,340,667	960,033
Balance, end of year	<u>\$ 3,552,606</u>		<u>\$ 63,822</u>		<u>\$ 3,616,428</u>	<u>\$ 1,627,064</u>	<u>\$ 1,627,064</u>	<u>\$ 1,989,364</u>

See accompanying Independent Auditor's Report.



SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Notes to Required Supplementary Information – Budgetary Reporting  
For the Year Ended June 30, 2022

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 did not amend its budget during the year ended June 30, 2022.

During the year ended June 30, 2022, expenditures in the instruction, support services, non-instructional programs and other expenditures functions exceeded the amount budgeted. Total expenditures also exceeded the amount budgeted.

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

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	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	\$ 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	\$ 2,566,861	\$ 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	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	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>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>	<u>2013</u>
Statutorily required contribution	\$ 252,601	\$ 242,386	\$ 231,533	\$ 228,284	\$ 199,407	\$ 194,453	\$ 185,579	\$ 185,979	\$ 199,965	\$ 192,514
Contributions in relation to the statutorily required contribution	<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>	<u>(192,514)</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	\$2,675,857	\$2,566,861	\$2,452,682	\$2,418,258	\$2,233,005	\$2,177,525	\$2,078,153	\$2,082,631	\$2,239,250	\$2,220,461
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Notes to Required Supplementary Information – Pension Liability  
For the Year Ended June 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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

	2022	2021	2020	2019	2018
Service cost	\$ 65,332	\$ 54,795	\$ 53,452	\$ 52,148	\$ 87,275
Interest cost	12,597	13,745	20,664	17,536	16,575
Difference between expected and actual experiences	(23,444)	-	(144,430)	-	-
Changes in assumptions	(142,267)	32,945	(23,231)	30,262	(1,482)
Benefit payments	(14,012)	(19,858)	(50,520)	-	-
Net change in total OPEB liability	(101,794)	81,627	(144,065)	99,946	102,368
Total OPEB liability beginning of year	597,761	516,134	660,199	560,253	457,885
Total OPEB liability end of year	<u>\$ 495,967</u>	<u>\$ 597,761</u>	<u>\$ 516,134</u>	<u>\$ 660,199</u>	<u>\$ 560,253</u>
Covered-employee payroll	\$ 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	18.14%	23.56%	22.28%	32.14%	33.40%

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

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:

The 2022 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2022:

Changed mortality assumptions to the SRP-2014 mortality tables with projected mortality improvements based on scale MP-2017, and other adjustments

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, 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 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.

## Supplementary Information

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2022

Schedule 1

	<u>Student Activity</u>	<u>Management Levy</u>	<u>Total</u>
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$140,247	\$279,993	\$420,240
Receivables			
Property tax			
Delinquent	-	1,192	1,192
Succeeding year	-	300,000	300,000
Total assets	<u>\$140,247</u>	<u>\$581,185</u>	<u>\$721,432</u>
 <b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities			
Accounts payable	<u>\$ 1,424</u>	<u>\$ -</u>	<u>\$ 1,424</u>
 Deferred inflows of resources			
Unavailable revenue			
Succeeding year property tax	<u>-</u>	<u>300,000</u>	<u>300,000</u>
 Fund balances			
Restricted for			
Student activities	138,823	-	138,823
Management levy purposes	<u>-</u>	<u>281,185</u>	<u>281,185</u>
Total fund balances	<u>138,823</u>	<u>281,185</u>	<u>420,008</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$140,247</u>	<u>\$581,185</u>	<u>\$721,432</u>

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2022

Schedule 2

Revenues	<u>Student Activity</u>	<u>Management Levy</u>	<u>Total</u>
Local sources			
Local taxes	\$ -	\$220,589	\$220,589
Other	241,216	7,299	248,515
State sources	<u>-</u>	<u>978</u>	<u>978</u>
Total revenues	<u>241,216</u>	<u>228,866</u>	<u>470,082</u>
Expenditures			
Current			
Instruction			
Regular	-	2,958	2,958
Other	<u>256,905</u>	<u>-</u>	<u>256,905</u>
Total instruction	<u>256,905</u>	<u>2,958</u>	<u>259,863</u>
Support services			
Administration	-	33,221	33,221
Operation and maintenance of plant	-	140,601	140,601
Transportation	<u>-</u>	<u>16,455</u>	<u>16,455</u>
Total support services	<u>-</u>	<u>190,277</u>	<u>190,277</u>
Total expenditures	<u>256,905</u>	<u>193,235</u>	<u>450,140</u>
Change in fund balances	(15,689)	35,631	19,942
Fund balances, beginning of year	<u>154,512</u>	<u>245,554</u>	<u>400,066</u>
Fund balances, end of year	<u>\$138,823</u>	<u>\$281,185</u>	<u>\$420,008</u>

See accompanying Independent Auditor's Report.



SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Combining Statement of Net Position  
Nonmajor Enterprise Funds  
June 30, 2022

Schedule 3

	<u>School Nutrition</u>	<u>Preschool</u>	<u>Total</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$109,677	\$ 23,307	\$ 132,984
Accounts receivable	181	-	181
Inventories	7,311	-	7,311
Total current assets	<u>117,169</u>	<u>23,307</u>	<u>140,476</u>
Noncurrent assets			
Capital assets, net of accumulated depreciation	<u>21,137</u>	-	<u>21,137</u>
Total assets	<u>138,306</u>	<u>23,307</u>	<u>161,613</u>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	<u>10,480</u>	<u>4,949</u>	<u>15,429</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	169	96	265
Salaries and benefits payable	14,385	6,560	20,945
Due to other governments	17,757	-	17,757
Unearned revenue	8,222	-	8,222
Total current liabilities	<u>40,533</u>	<u>6,656</u>	<u>47,189</u>
Noncurrent liabilities			
Net pension liability	<u>1,170</u>	<u>532</u>	<u>1,702</u>
Total liabilities	<u>41,703</u>	<u>7,188</u>	<u>48,891</u>
<b>Deferred Inflows of Resources</b>			
Pension related deferred inflows	<u>43,692</u>	<u>20,637</u>	<u>64,329</u>
<b>Net Position</b>			
Investment in capital assets	21,137	-	21,137
Unrestricted	<u>42,254</u>	<u>431</u>	<u>42,685</u>
Total net position	<u>\$ 63,391</u>	<u>\$ 431</u>	<u>\$ 63,822</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, 2022

Schedule 4

	School Nutrition	Preschool	Total
Operating revenue			
Local sources			
Charges for service	<u>\$ 34,120</u>	<u>\$ 80,178</u>	<u>\$ 114,298</u>
 Operating expenses			
Non-instructional programs			
Salaries	80,015	34,493	114,508
Benefits	(25,044)	8,773	(16,271)
Purchased services	34,161	-	34,161
Supplies	168,285	452	168,737
Miscellaneous	-	4,920	4,920
Depreciation	<u>7,181</u>	<u>-</u>	<u>7,181</u>
	<u>264,598</u>	<u>48,638</u>	<u>313,236</u>
Operating income (loss)	<u>(230,478)</u>	<u>31,540</u>	<u>(198,938)</u>
 Non-operating revenue			
Interest income	18	-	18
State sources	1,830	-	1,830
Federal sources	<u>339,215</u>	<u>-</u>	<u>339,215</u>
Total non-operating revenue	<u>341,063</u>	<u>-</u>	<u>341,063</u>
 Change in net position	110,585	31,540	142,125
Net position beginning of year	<u>(47,194)</u>	<u>(31,109)</u>	<u>(78,303)</u>
Net position end of year	<u><u>\$ 63,391</u></u>	<u><u>\$ 431</u></u>	<u><u>\$ 63,822</u></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, 2022

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	\$ 34,411	\$ 80,178	\$ 114,589
Cash payments to employees for services	(67,532)	(51,595)	(119,127)
Cash payments to suppliers for goods and services	<u>(197,523)</u>	<u>(5,276)</u>	<u>(202,799)</u>
Net cash provided by (used in) operating activities	<u>(230,644)</u>	<u>23,307</u>	<u>(207,337)</u>
Cash flows from non-capital financing activities			
State grants received	1,830	-	1,830
Federal grants received	<u>318,110</u>	<u>-</u>	<u>318,110</u>
Net cash provided by non-capital financing activities	<u>319,940</u>	<u>-</u>	<u>319,940</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	<u>(18,411)</u>	<u>-</u>	<u>(18,411)</u>
Cash flows from investing activities			
Interest on investments	<u>18</u>	<u>-</u>	<u>18</u>
Net increase in cash and cash equivalents	70,903	23,307	94,210
Cash and cash equivalents, beginning of year	38,774	-	38,774
Cash and cash equivalents, end of year	<u>\$ 109,677</u>	<u>\$ 23,307</u>	<u>\$ 132,984</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$(230,478)	\$ 31,540	\$(198,938)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	7,181	-	7,181
Commodities used	21,520	-	21,520
Change in assets and liabilities:			
Accounts receivable	37	-	37
Inventories	(267)	-	(267)
Due from other fund	3,971	-	3,971
Deferred outflows of resources	7,963	3,385	11,348
Due to other fund	-	(6,706)	(6,706)
Due to other governments	17,757	-	17,757
Net pension liability	(58,987)	(7,921)	(66,908)
Deferred inflows of resources	12,857	1,997	14,854
Accounts payable	(16,330)	96	(16,234)
Unearned revenue	254	-	254
Accrued salaries and benefits	<u>3,878</u>	<u>916</u>	<u>4,794</u>
Net cash provided by (used in) operating activities	<u>\$(230,644)</u>	<u>\$ 23,307</u>	<u>\$(207,337)</u>

**Non-cash investing, capital and related financing activities:**

During the year ended June 30, 2022, the District received \$21,520 of federal commodities.

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, 2022

Schedule 6

Account	Balance, Beginning of Year	<u>Revenues</u>	<u>Expenditures</u>	Balance, End of Year
Cross country	\$ 513	\$ 681	\$ 391	\$ 803
Boys basketball	1,429	12,451	8,274	5,606
Football	9,766	24,147	26,730	7,183
Boys baseball	5,824	5,613	7,572	3,865
Boys track	1	300	114	187
Boys golf	394	300	195	499
Wrestling	109	-	-	109
Girls basketball	4,062	14,792	12,705	6,149
Girls volleyball	4,826	13,923	13,228	5,521
Girls softball	488	14,101	6,827	7,762
Girls track	2	310	114	198
Gate money	9,946	72,839	78,374	4,411
JH track	-	1,555	1,262	293
Weight room	143	1,126	108	1,161
Cheerleading	1,226	1,801	2,386	641
Vocal resale	3,935	1,235	-	5,170
HS instrumental	260	4,882	4,744	398
HS musical	2,741	1,510	2,809	1,442
Supply store	411	-	-	411
Pictures	13,725	3,009	10,463	6,271
Jump Rope for Heart	125	-	125	-
Student senate - elementary	192	5,416	4,331	1,277
Fine arts	1,047	210	575	682
Elementary instrumental resale	2,875	1	-	2,876
Book fair	4,371	4,002	4,083	4,290
Book club	4	-	-	4
Drama	979	-	-	979
Art club	4,517	362	345	4,534
Dance	70	7,902	7,228	744
TADA	165	-	-	165
MS science club	735	-	-	735
Archery program	49,640	21,816	21,686	49,770

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, 2022

Schedule 6

Account	Balance, Beginning of Year	<u>Revenues</u>	<u>Expenditures</u>	Balance, End of Year
Yearbook	\$ 945	\$ 1,991	\$ 154	\$ 2,782
Mfg. enterprise	124	-	-	124
Student senate - MS	2,100	1	22	2,079
Student senate - HS	1,548	354	260	1,642
Class of 2020	10,807	-	10,807	-
Class of 2021	7,630	-	7,630	-
Class of 2022	3,042	8,744	11,251	535
Class of 2023	603	8,188	6,493	2,298
Class of 2024	7	-	-	7
Class of 2025	7	-	7	-
Class of 2026	-	1,307	1,256	51
FFA	2,999	6,347	4,356	4,990
Instrument repair	<u>179</u>	<u>-</u>	<u>-</u>	<u>179</u>
Totals	<u>\$ 154,512</u>	<u>\$ 241,216</u>	<u>\$ 256,905</u>	<u>\$ 138,823</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

	Modified Accrual Basis									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues</b>										
Local sources										
Local tax	\$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	\$1,841,031
Tuition	638,723	612,688	615,167	583,114	538,160	528,356	469,444	403,462	330,235	420,570
Other	522,930	390,648	390,431	465,018	320,695	391,582	291,860	254,517	246,897	217,782
State sources	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	2,095,795
Federal sources	285,276	245,897	98,649	108,372	93,388	128,290	88,900	81,442	82,722	139,752
<b>Total revenues</b>	<b>\$7,284,189</b>	<b>\$6,903,645</b>	<b>\$6,621,848</b>	<b>\$6,641,387</b>	<b>\$6,084,899</b>	<b>\$5,965,831</b>	<b>\$5,248,711</b>	<b>\$4,862,864</b>	<b>\$4,607,355</b>	<b>\$4,714,930</b>
<b>Expenditures</b>										
Current										
Instruction										
Regular	\$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	\$2,050,258
Special	523,735	504,995	546,304	572,475	473,977	519,098	406,920	426,288	490,347	507,369
Other	771,157	630,338	544,387	607,259	666,866	534,380	471,764	436,067	417,308	391,423
Support services										
Student	186,554	178,263	169,623	159,401	147,585	142,273	138,714	144,907	135,274	148,088
Instructional staff	255,175	227,840	173,464	189,972	188,798	167,015	150,720	124,252	195,333	97,858
Administration	814,852	755,149	708,880	690,454	673,441	646,408	780,873	547,316	622,837	686,507
Operation and maintenance of plant	804,360	558,121	505,355	595,068	582,138	498,246	394,878	345,552	399,220	425,248
Transportation	338,153	173,667	180,003	196,311	153,405	165,081	208,964	152,371	247,533	181,760
Other expenditures										
Facilities acquisition	968,627	904,989	194,732	149,877	1,140,119	3,978,041	267,813	18,745	30,052	68,943
Long-term debt										
Principal	475,000	460,000	630,000	435,000	425,000	440,000	3,222,936	125,000	120,000	235,000
Interest and other charges	123,197	133,943	170,208	152,481	161,930	247,822	104,552	143,057	147,957	156,468
AEA flowthrough	183,332	170,553	166,477	166,354	162,657	157,192	160,905	160,956	159,107	154,723
<b>Total expenditures</b>	<b>\$8,049,889</b>	<b>\$7,171,976</b>	<b>\$6,187,133</b>	<b>\$6,138,632</b>	<b>\$6,863,006</b>	<b>\$9,634,345</b>	<b>\$8,325,281</b>	<b>\$4,597,560</b>	<b>\$5,028,374</b>	<b>\$5,103,645</b>

See accompanying Independent Auditor's Report.

# 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, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated February 17, 2023.

## 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, 2022 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.

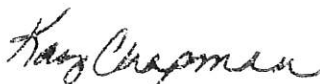
#### Springville Community School District's Responses to the Findings

Government Auditing Standards requires 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  
February 17, 2023



SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Schedule of Findings  
For the Year Ended June 30, 2022

**Part I. Findings Related to the Financial Statements**

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROLS DEFICIENCY

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, 2022

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 liabilities and expenditures being overstated and fund balance being understated by \$80,000 in the Debt Service Fund. The District also did not report the equipment purchase agreement for the purchase of a bus or the purchase of the bus on the CAR, resulting in revenues and expenditures being understated by \$106,465 in the Physical Plant and Equipment Levy 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, 2022 in the instruction, support services, non-instructional programs and other expenditures functions exceed the amounts budgeted. Total expenditures also exceeded the amount budgeted.

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

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Schedule of Findings  
For the Year Ended June 30, 2022

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

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.
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 - Variances in the basic enrollment data certified to the Iowa Department of Education were noted. The resident students reported to the Iowa Department of Education was understated by 1 student.

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

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

Conclusion - Response accepted.

9. Supplementary Weighting - Variances regarding the supplementary weighting certified to the Iowa Department of Education were noted. Weighted enrollment was overstated by .429 due to the District including concurrent classes that were not allowable for supplementary weighting.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Schedule of Findings  
For the Year Ended June 30, 2022

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.

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, 2022, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 734,874
Revenues		
Statewide sales and services tax revenue	\$ 483,747	
Interest earned	<u>627</u>	484,374
Expenditures/transfers out		
School infrastructure		
Equipment	\$ 3,625	
Transfers to other fund		
Debt service fund	<u>\$ 244,242</u>	<u>247,867</u>
Ending balance		<u><u>\$ 971,381</u></u>

For the year ended June 30, 2022, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Schedule of Findings  
For the Year Ended June 30, 2022

14. Deficit Net Position - The District's governmental activities had a negative unrestricted net position of \$136,959 at June 30, 2022.

Recommendation - The District should continue to monitor these activities and investigate alternatives to eliminate this deficit 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, 2022

This audit was performed by

Kay Chapman, CPA  
Terri Slater, staff accountant