

SPRINGVILLE COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2020

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SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Officials  
June 30, 2020

| <u>Name</u>               | <u>Title</u>                 | <u>Term Expires</u> |
|---------------------------|------------------------------|---------------------|
| <b>Board of Education</b> |                              |                     |
| Kate O'Brien-May          | Board President              | 2021                |
| Albert Martin             | Vice President               | 2023                |
| Leisa Breitfelder         | Board Member                 | 2021                |
| Amy Hosek                 | Board Member                 | 2023                |
| Patrick Hoyt              | Board Member                 | 2023                |
| <b>School Officials</b>   |                              |                     |
| Pat Hocking               | Superintendent               | 2021                |
| 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 Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Springville Community School District, Springville, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Springville Community School District as of June 30, 2020, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### Other Matters

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 13 and 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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, 2019 (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.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated February 2, 2021 on my consideration of Springville Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Springville Community School District's internal control over financial reporting and compliance.

*Kay L. Chapman, CPA PC*

Kay L. Chapman, CPA PC  
February 2, 2021

## **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, 2020. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2020 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$5,329,720 in fiscal 2019 to \$5,277,599 in fiscal 2020, and General Fund expenditures decreased from \$5,007,573 in fiscal 2019 to \$4,804,559 in fiscal 2020. The District's General Fund balance increased from \$1,108,038 in fiscal 2019 to \$1,581,067 in fiscal 2020, an increase of 42%.
- The decrease of in General Fund revenue was due to a decrease in State Foundation Aid as a result of a decrease in certified enrollment from the previous school year of 8 students. As a result the District was on the Budget Guarantee which generated \$26,421 in new money for FY20.
- General Fund expenditures decreased \$203,014 from fiscal 2019. The District's General Fund ending balance increased by \$473,029; a significant increase from what was reported in the June 30, 2019 MD&A. The General Fund balance at June 30, 2020 was \$1,581,067 or approximately 33% of the total General Fund expenses.
- The District's unspent authorized budget increased by \$349,506 from \$1,737,020 (FY19) to \$2,086,529 (FY20).
- The District's General Fund solvency ratio (Unassigned fund balance + Assigned fund balance/General Fund revenues minus AEA Flow-through) at June 30, 2019 was 18.81%. The District's General Fund solvency ratio at June 30, 2020 was 25.80%, increasing 6.99%.
- The State of Iowa approved an increase in Supplemental State Aid of 2.06% for the 2019-20 school year. This followed the 1% Supplemental State Aid growth in 2018-19.
- In March of 2020, the global wide pandemic, due to COVID-19, caused the District to cease in-person learning effective March 16, 2020 through the remainder of the 2019-20 school year. The District realized savings in utility costs, transportation costs, and other support services. The District also experienced increased costs in unusual expenditures such as technology devices, online learning platforms, cleaning supplies and equipment, and personal protective equipment. The District anticipates these additional costs will continue into FY21,

### **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 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 Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and Preschool Fund and one internal service fund to 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, 2020 compared to June 30, 2019.

Figure A-1  
Condensed Statement of Net Position

|                                | Governmental      |                   | Business Type |               | Total             |                   | Total         |
|--------------------------------|-------------------|-------------------|---------------|---------------|-------------------|-------------------|---------------|
|                                | Activities        |                   | Activities    |               | District          |                   | Change        |
|                                | June 30,          |                   | June 30,      |               | June 30,          |                   | June 30,      |
|                                | 2020              | 2019              | 2020          | 2019          | 2020              | 2019              | 2019-<br>2020 |
| Current and other assets       | \$ 6,092,642      | \$ 5,586,039      | \$ 12,596     | \$ 60,939     | \$ 6,105,238      | \$ 5,646,978      | 8.12%         |
| Capital assets                 | <u>9,450,414</u>  | <u>9,544,778</u>  | <u>15,556</u> | <u>21,278</u> | <u>9,465,970</u>  | <u>9,566,056</u>  | -1.05%        |
| Total assets                   | <u>15,543,056</u> | <u>15,130,817</u> | <u>28,152</u> | <u>82,217</u> | <u>15,571,208</u> | <u>15,213,034</u> | 2.35%         |
| Deferred outflows of resources | <u>518,330</u>    | <u>513,347</u>    | <u>18,925</u> | <u>20,868</u> | <u>537,255</u>    | <u>534,215</u>    | 0.57%         |



|                                  |                     |                     |                     |                    |                     |                     |        |
|----------------------------------|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|--------|
| Long-term liabilities            | 7,918,364           | 8,753,900           | 55,201              | 57,090             | 7,973,565           | 8,810,990           | -9.50% |
| Other liabilities                | <u>724,033</u>      | <u>802,262</u>      | <u>58,177</u>       | <u>37,080</u>      | <u>782,210</u>      | <u>839,342</u>      | -6.81% |
| Total liabilities                | <u>8,642,397</u>    | <u>9,556,162</u>    | <u>113,378</u>      | <u>94,170</u>      | <u>8,755,775</u>    | <u>9,650,332</u>    | -9.27% |
| Deferred inflows of resources    | <u>2,641,380</u>    | <u>2,426,936</u>    | <u>41,544</u>       | <u>27,836</u>      | <u>2,682,924</u>    | <u>2,454,772</u>    | 9.29%  |
| Net position                     |                     |                     |                     |                    |                     |                     |        |
| Net investment in capital assets | 3,835,414           | 3,299,778           | 15,556              | 21,278             | 3,850,970           | 3,321,056           | 15.96% |
| Restricted                       | 1,392,047           | 1,258,892           | -                   | -                  | 1,392,047           | 1,258,892           | 10.58% |
| Unrestricted                     | <u>(449,852)</u>    | <u>(897,604)</u>    | <u>(123,401)</u>    | <u>(40,199)</u>    | <u>(573,253)</u>    | <u>(937,803)</u>    | 38.87% |
| Total net position               | <u>\$ 4,777,609</u> | <u>\$ 3,661,066</u> | <u>\$ (107,845)</u> | <u>\$ (18,921)</u> | <u>\$ 4,669,764</u> | <u>\$ 3,642,145</u> | 28.21% |

The District's total net position increased by 28%, or \$1,027,619 over the prior year.

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

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$133,155, or 11% 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 \$364,550, or 39%. The increase in unrestricted net position was primarily a result of increased assets in the General Fund and a decrease in liabilities.

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

Figure A-2  
Change in Net Position

|                                       | Governmental Activities |            | Business Type Activities |            | Total District |              | Total Change |
|---------------------------------------|-------------------------|------------|--------------------------|------------|----------------|--------------|--------------|
|                                       | 2020                    | 2019       | 2020                     | 2019       | 2020           | 2019         | 2019-2020    |
| Revenues                              |                         |            |                          |            |                |              |              |
| Program revenues                      |                         |            |                          |            |                |              |              |
| Charges for service and sales         | \$ 968,408              | \$ 952,376 | \$ 127,361               | \$ 185,461 | \$ 1,095,769   | \$ 1,137,837 | -3.70%       |
| Operating grants                      | 787,388                 | 813,169    | 74,937                   | 93,501     | 862,325        | 906,670      | -4.89%       |
| General revenues                      |                         |            |                          |            |                |              |              |
| Property tax                          | 2,540,077               | 2,470,464  | -                        | -          | 2,540,077      | 2,470,464    | 2.82%        |
| Statewide sales, services and use tax | 396,467                 | 398,785    | -                        | -          | 396,467        | 398,785      | -0.58%       |
| Unrestricted state grants             | 1,898,459               | 1,923,649  | -                        | -          | 1,898,459      | 1,923,649    | -1.31%       |

|   |                     |                     |                    |                    |                     |                     |          |
|---|---------------------|---------------------|--------------------|--------------------|---------------------|---------------------|----------|
| Contributions and donations                 | 500                 | 12,947              | -                  | -                  | 500                 | 12,947              | -96.14%  |
| Unrestricted investment earnings            | 10,888              | 10,468              | 89                 | 99                 | 10,977              | 10,567              | 3.88%    |
| Other                                       | <u>25,966</u>       | <u>72,453</u>       | -                  | -                  | <u>25,966</u>       | <u>72,453</u>       | -64.16%  |
| Total revenues                              | <u>6,628,153</u>    | <u>6,654,311</u>    | <u>202,387</u>     | <u>279,061</u>     | <u>6,830,540</u>    | <u>6,933,372</u>    | -1.48%   |
| Program expenses                            |                     |                     |                    |                    |                     |                     |          |
| Governmental activities                     |                     |                     |                    |                    |                     |                     |          |
| Instruction                                 | 3,203,331           | 3,366,802           | -                  | -                  | 3,203,331           | 3,366,802           | -4.86%   |
| Support services                            | 1,764,266           | 1,837,612           | -                  | -                  | 1,764,266           | 1,837,612           | -3.99%   |
| Non-instructional programs                  | -                   | -                   | 291,322            | 302,030            | 291,322             | 302,030             | -3.55%   |
| Other expenses                              | <u>544,002</u>      | <u>589,755</u>      | -                  | -                  | <u>544,002</u>      | <u>589,755</u>      | -7.76%   |
| Total expenses                              | <u>5,511,599</u>    | <u>5,794,169</u>    | <u>291,322</u>     | <u>302,030</u>     | <u>5,802,921</u>    | <u>6,096,199</u>    | -4.81%   |
| Change in net position before transfers     | 1,116,554           | 860,142             | (88,935)           | (22,969)           | 1,027,619           | 837,173             | 22.75%   |
| Transfer                                    | (11)                | -                   | 11                 | -                  | -                   | -                   | 0.00%    |
| Special item - (loss) on disposal of assets | -                   | (9,600)             | -                  | -                  | -                   | (9,600)             | -100.00% |
| Change in net position                      | 1,116,543           | 850,542             | (88,924)           | (22,969)           | 1,027,619           | 827,573             | 24.17%   |
| Net position beginning of year              | <u>3,661,066</u>    | <u>2,810,524</u>    | <u>(18,921)</u>    | <u>4,048</u>       | <u>3,642,145</u>    | <u>2,814,572</u>    | 29.40%   |
| Net position end of year                    | <u>\$ 4,777,609</u> | <u>\$ 3,661,066</u> | <u>\$(107,845)</u> | <u>\$ (18,921)</u> | <u>\$ 4,669,764</u> | <u>\$ 3,642,145</u> | 28.21%   |

In fiscal year 2020, property tax and unrestricted state grants accounted for approximately 66% of governmental activities revenue while charges for service and sales and operating grants and contributions accounted for almost 100% of business type activities revenues. The District's total revenues were \$6,830,540 of which \$6,628,153 was for governmental activities and \$202,387 was for business type activities.

As shown in Figure A-2, the District as a whole experienced a 1% decrease in revenues and a 5% decrease in expenses. The decreases in revenue are largely due to loss in food service sales, state and federal meal reimbursements, and 3 year old preschool tuition the last two months of the 2019-2020 school year as a result of the pandemic. The decrease in expenses is attributed to savings in operating costs because of the District closing the facilities on March 16, 2020 due to the pandemic.

### **Governmental Activities**

Revenues for governmental activities were \$6,628,153 and expenses were \$5,511,599 for the year ended June 30, 2020.

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



Figure A-3

|                  | Total and Net Cost of Governmental Activities |                     |                     |                      |                     |                         |
|------------------|---|---------------------|---------------------|----------------------|---------------------|-------------------------|
|                  | Total Cost of Services                        |                     |                     | Net Cost of Services |                     |                         |
|                  | 2020  | 2019                | Change<br>2019-2020 | 2020                 | 2019                | Change<br>2019-<br>2020 |
| Instruction      | \$ 3,203,331                                  | \$ 3,366,802        | -4.9%               | \$ 1,618,695         | \$ 1,775,032        | -8.8%                   |
| Support services | 1,764,266                                     | 1,837,612           | -4.0%               | 1,759,583            | 1,830,191           | -3.9%                   |
| Other expenses   | <u>544,002</u>                                | <u>589,755</u>      | -7.8%               | <u>377,525</u>       | <u>423,401</u>      | -10.8%                  |
| Total expenses   | <u>\$ 5,511,599</u>                           | <u>\$ 5,794,169</u> | -4.9%               | <u>\$ 3,755,803</u>  | <u>\$ 4,028,624</u> | -6.8%                   |

For the year ended June 30, 2020:

- The cost financed by users of the District's programs was \$968,408.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$787,388.
- The net cost of governmental activities was financed with \$2,936,544 of property and other taxes and \$1,898,459 of unrestricted state grants.

### **Business Type Activities**

Revenues for business type activities for the year ended June 30, 2020 were \$202,387 representing a 27% decrease from the prior year, while expenses totaled \$291,322, a 3% 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 pandemic drastically impacted revenue for these programs beginning in March of 2020. The slight decrease in expenditures is due to the decrease in supplies and food costs. The expenditure percentage decrease is not as large as the decrease in revenue due to the District continuing to pay employees their full salaries and benefits during the pandemic.

### **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 \$2,725,429, above last year's ending fund balances of \$2,290,725. The primary reason for the increase of \$434,704 in combined fund balances in fiscal 2020 is due to an increase in total assets to the General Fund and Other Capital Projects Funds.

### **Governmental Fund Highlights**

The District's strong General Fund financial position is the result of total revenues of \$5,329,720 outpacing total expenditures \$5,007,573 ensuring an increase in fund balance at year end. The District ended FY20 with an unspent authorized budget of

\$2,086,529 and an ending cash balance of \$1,581,067. The District was unable to levy for cash in FY20 and anticipates this in FY21 also.

- The General Fund balance increased from \$1,108,038 to \$1,581,067. This increase was partially due to the school closure and CARES funding the District received.
- The Debt Service Fund balance decreased slightly from \$32,427 in 2019 to \$31,631 in 2020.

### **Proprietary Fund Highlights**

Enterprise Fund net position decreased from \$(18,921) at June 30, 2019 to \$(107,845) at June 30, 2020, a decrease of over 100%. The decreased net position is due largely to the decrease in revenues as a result of the pandemic and the vast majority of expenditures staying the same; as salaries and benefits were not decreased.

### **BUDGETARY HIGHLIGHTS**

The District did not amend its budget during the year ended June 30, 2020.

The District's total revenues were \$35,946 less than total budgeted revenues, a variance of less than 1%. The most significant variance resulted from the District receiving less revenue from State and Federal sources in the nutrition fund and receiving no preschool tuition in the months of March, April, and May due to the pandemic.

Total expenditures were \$859,168 less than budgeted. This is due to reduced expenditures on operating costs from March 2020 to June 2020 in the General Fund. Also 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 always exceed actual expenditures for the year.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

At June 30, 2020, the District had invested \$9,465,970, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-4) This represents a net decrease of 1% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$282,643.

The original cost of the District's capital assets was \$15,073,378. Governmental funds account for \$14,957,898, with the remainder of \$115,480 accounted for in the Proprietary, School Nutrition Fund.

The largest change was in the furniture and equipment category, which decreased from \$311,392 at June 30, 2019 to \$235,104 at June 30, 2020 due to the annual depreciation expense.

Figure A-4

## Capital Assets, Net of Depreciation

|                            | Governmental Activities |                    | Business Type Activities |                 | Total District     |                    | Total Change |
|----------------------------|-------------------------|--------------------|--------------------------|-----------------|--------------------|--------------------|--------------|
|                            | June 30,                |                    | June 30,                 |                 | June 30,           |                    | June 30,     |
|                            | 2020                    | 2019               | 2020                     | 2019            | 2020               | 2019               | 2019-2020    |
| Land                       | \$ 453,369              | \$ 453,369         | \$ -                     | \$ -            | \$ 453,369         | \$ 453,369         | 0.00%        |
| Buildings and improvements | 8,575,595               | 8,598,029          | -                        | -               | 8,575,595          | 8,598,029          | -0.26%       |
| Site improvements          | 201,902                 | 203,267            | -                        | -               | 201,902            | 203,267            | -0.67%       |
| Furniture and equipment    | <u>219,548</u>          | <u>290,113</u>     | <u>15,556</u>            | <u>21,279</u>   | <u>235,104</u>     | <u>311,392</u>     | -24.50%      |
| Totals                     | <u>\$9,450,414</u>      | <u>\$9,544,778</u> | <u>\$15,556</u>          | <u>\$21,278</u> | <u>\$9,465,970</u> | <u>\$9,566,057</u> | -1.05%       |

**Long-Term Debt**

At June 30, 2020, the District had \$7,973,565 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 10% from last year. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District received special permission from the State of Iowa allowing its outstanding general obligation debt to exceed its constitutional debt limit of approximately \$7.7 million.

Figure A-5

## Outstanding Long-term Obligations

|                          | Total               |                     | Total     |
|--------------------------|---------------------|---------------------|-----------|
|                          | School District     |                     | Change    |
|                          | June 30,            |                     | June 30,  |
|                          | 2020                | 2019                | 2019-2020 |
| Governmental activities  |                     |                     |           |
| General obligation bonds | \$ 3,690,000        | \$ 3,955,000        | -6.70%    |
| Revenue bonds            | 1,925,000           | 2,290,000           | -15.94%   |
| Termination benefits     | 6,306               | 26,283              | -76.01%   |
| Net pension liability    | 1,780,924           | 1,822,418           | -2.28%    |
| Net OPEB liability       | <u>516,134</u>      | <u>660,199</u>      | -21.82%   |
|                          | 7,918,364           | 8,753,900           | -9.54%    |
| Business type activities |                     |                     |           |
| Net pension liability    | <u>55,201</u>       | <u>57,090</u>       | -3.31%    |
| Total                    | <u>\$ 7,973,565</u> | <u>\$ 8,810,990</u> | -9.50%    |

**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's certified enrollment on October 1, 2020 was 404 students which was up 19.6 students from October 1, 2019 certified enrollment of 384.4. The District is hopeful that the enrollment will grow or remain stable, which is critical in maintaining a sound financial position.
- 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 has the maximum of 21 students in FY21 to generate supplementary weighting from the State.
- The District continues to contract services for technology, and therefore saving general fund dollars by paying the contracted services from the PPEL fund.
- The District continues to see General Fund savings through partially self-funded health insurance 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 District continues work on a strategic plan for facilities to prioritize improvements needed in the secondary building and the preschool building.

### **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, 2020

Exhibit A

|   | Governmental<br>Activities | Business Type<br>Activities | Total             |
|---|----------------------------|-----------------------------|-------------------|
| <b>Assets</b>                                   |                            |                             |                   |
| Cash, cash equivalents and pooled investments   | \$3,181,163                | \$ 16,584                   | \$ 3,197,747      |
| Receivables                                     |                            |                             |                   |
| Property tax                                    |                            |                             |                   |
| Delinquent                                      | 23,167                     | -                           | 23,167            |
| Succeeding year                                 | 2,386,343                  | -                           | 2,386,343         |
| Accounts receivable                             | 5,490                      | 1,173                       | 6,663             |
| Income surtax                                   | 201,476                    | -                           | 201,476           |
| Due from other governments                      | 278,467                    | -                           | 278,467           |
| Due from other fund                             | 16,536                     | (16,536)                    | -                 |
| Inventories                                     | -                          | 11,375                      | 11,375            |
| Non-depreciable capital assets                  | 453,369                    | -                           | 453,369           |
| Capital assets, net of accumulated depreciation | <u>8,997,045</u>           | <u>15,556</u>               | <u>9,012,601</u>  |
| Total assets                                    | <u>15,543,056</u>          | <u>28,152</u>               | <u>15,571,208</u> |
| <b>Deferred Outflows of Resources</b>           |                            |                             |                   |
| Pension related deferred outflows               | <u>518,330</u>             | <u>18,925</u>               | <u>537,255</u>    |
| <b>Liabilities</b>                              |                            |                             |                   |
| Accounts payable                                | 26,383                     | -                           | 26,383            |
| Salaries and benefits payable                   | 395,724                    | 18,885                      | 414,609           |
| Accrued interest payable                        | 6,650                      | -                           | 6,650             |
| Unearned revenue                                | -                          | 7,738                       | 7,738             |
| Due to other governments                        | 271,259                    | 31,554                      | 302,813           |
| Advances from grantors                          | 24,017                     | -                           | 24,017            |
| Long-term liabilities                           |                            |                             |                   |
| Portion due within one year                     |                            |                             |                   |
| General obligation bonds payable                | 270,000                    | -                           | 270,000           |
| Termination benefits payable                    | 6,306                      | -                           | 6,306             |
| Portion due after one year                      |                            |                             |                   |
| General obligation bonds payable                | 3,420,000                  | -                           | 3,420,000         |
| Revenue bonds payable                           | 1,925,000                  | -                           | 1,925,000         |
| Net pension liability                           | 1,780,924                  | 55,201                      | 1,836,125         |
| Total OPEB liability                            | <u>516,134</u>             | <u>-</u>                    | <u>516,134</u>    |
| Total liabilities                               | <u>8,642,397</u>           | <u>113,378</u>              | <u>8,755,775</u>  |

See notes to financial statements.

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

Exhibit A

|                                      | <u>Governmental<br/>Activities</u> | <u>Business Type<br/>Activities</u> | <u>Total</u>        |
|--------------------------------------|------------------------------------|-------------------------------------|---------------------|
| <b>Deferred Inflows of Resources</b> |                                    |                                     |                     |
| Unavailable property tax revenue     | \$2,386,343                        | \$ -                                | \$ 2,386,343        |
| Pension related deferred inflows     | <u>255,037</u>                     | <u>41,544</u>                       | <u>296,581</u>      |
| Total deferred inflows of resources  | <u>2,641,380</u>                   | <u>41,544</u>                       | <u>2,682,924</u>    |
| Net investment in capital assets     | 3,835,414                          | 15,556                              | 3,850,970           |
| Restricted for                       |                                    |                                     |                     |
| Categorical funding                  | 260,641                            | -                                   | 260,641             |
| Management levy purposes             | 172,945                            | -                                   | 172,945             |
| Physical plant and equipment         | 193,627                            | -                                   | 193,627             |
| Student activities                   | 150,611                            | -                                   | 150,611             |
| School infrastructure                | 589,242                            | -                                   | 589,242             |
| Debt service                         | 24,981                             | -                                   | 24,981              |
| Unrestricted                         | <u>(449,852)</u>                   | <u>(123,401)</u>                    | <u>(573,253)</u>    |
| Total net position                   | <u>\$4,777,609</u>                 | <u>\$ (107,845)</u>                 | <u>\$ 4,669,764</u> |

See notes to financial statements.

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

Exhibit B

|                                    | Program Revenues |                         |  | Net (Expense) Revenue<br>and Changes in Net Position           |                            |                             |                    |
|------------------------------------|------------------|-------------------------|--|--|----------------------------|-----------------------------|--------------------|
|                                    | Expenses         | Charges<br>for Services | Operating Grants,<br>Contributions<br>and Restricted<br>Interest | Capital Grants,<br>Contributions<br>and Restricted<br>Interest | Governmental<br>Activities | Business Type<br>Activities | Total              |
| <b><u>Functions/Programs</u></b>   |                  |                         |  |  |                            |                             |                    |
| Governmental activities            |                  |                         |  |  |                            |                             |                    |
| Instruction                        |                  |                         |  |  |                            |                             |                    |
| Regular instruction                | \$ 2,128,001     | \$ 692,659              | \$ 567,025   | \$ -   | \$ (868,317)               | \$ -                        | \$ (868,317)       |
| Special instruction                | 537,781          | 70,801                  | 49,837   | -  | (417,143)                  | -                           | (417,143)          |
| Other instruction                  | 537,549          | 203,179                 | 1,135  | -  | (333,235)                  | -                           | (333,235)          |
|                                    | <u>3,203,331</u> | <u>966,639</u>          | <u>617,997</u>   | <u>-</u>   | <u>(1,618,695)</u>         | <u>-</u>                    | <u>(1,618,695)</u> |
| Support services                   |                  |                         |  |  |                            |                             |                    |
| Student                            | 165,983          | -                       | -  | -  | (165,983)                  | -                           | (165,983)          |
| Instructional staff                | 181,857          | -                       | -  | -  | (181,857)                  | -                           | (181,857)          |
| Administration                     | 704,152          | -                       | -  | -  | (704,152)                  | -                           | (704,152)          |
| Operation and maintenance of plant | 506,067          | -                       | -  | -  | (506,067)                  | -                           | (506,067)          |
| Transportation                     | 206,207          | 1,769                   | 2,914  | -  | (201,524)                  | -                           | (201,524)          |
|                                    | <u>1,764,266</u> | <u>1,769</u>            | <u>2,914</u>   | <u>-</u>   | <u>(1,759,583)</u>         | <u>-</u>                    | <u>(1,759,583)</u> |
| Other expenses                     |                  |                         |  |  |                            |                             |                    |
| Facilities acquisition             | 17,992           | -                       | -  | -  | (17,992)                   | -                           | (17,992)           |
| Long-term debt interest            | 140,568          | -                       | -  | -  | (140,568)                  | -                           | (140,568)          |
| AEA flowthrough                    | 166,477          | -                       | 166,477  | -  | -                          | -                           | -                  |
| Depreciation (unallocated) *       | 218,965          | -                       | -  | -  | (218,965)                  | -                           | (218,965)          |
|                                    | <u>544,002</u>   | <u>-</u>                | <u>166,477</u>   | <u>-</u>   | <u>(377,525)</u>           | <u>-</u>                    | <u>(377,525)</u>   |
| Total governmental activities      | <u>5,511,599</u> | <u>968,408</u>          | <u>787,388</u>   | <u>-</u>   | <u>(3,755,803)</u>         | <u>-</u>                    | <u>(3,755,803)</u> |

See notes to financial statements.



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

Exhibit B

|  | Program Revenues        |  |  | Net (Expense) Revenue<br>and Changes in Net Position |                             |              |
|--|-------------------------|--|--|--|-----------------------------|--------------|
|  | Charges<br>for Services | Operating Grants,<br>Contributions<br>and Restricted<br>Interest | Capital Grants,<br>Contributions<br>and Restricted<br>Interest | Governmental<br>Activities                           | Business Type<br>Activities | Total        |
| <b><u>Functions/Programs (continued)</u></b> |                         |  |  |  |                             |              |
| Business type activities                     |                         |  |  |  |                             |              |
| Non-instructional programs                   |                         |  |  |  |                             |              |
| Food service operations                      | \$ 92,141               | \$ 74,937  | \$ -   | \$ -   | \$ (50,489)                 | \$ (50,489)  |
| Preschool program                            | 35,220                  | -  | -  | -  | (38,535)                    | (38,535)     |
| Total business type activities               | 127,361                 | 74,937   | -  | -  | (89,024)                    | (89,024)     |
| Total  | \$ 5,802,921            | \$ 1,095,769   | \$ 862,325   | \$ -   | (3,755,803)                 | (3,844,827)  |
| <b><u>General Revenues</u></b>               |                         |  |  |  |                             |              |
| Property tax levied for                      |                         |  |  |  |                             |              |
| General purposes                             |                         |  |  | 1,943,376  | -                           | 1,943,376    |
| Debt service                                 |                         |  |  | 350,909  | -                           | 350,909      |
| Capital outlay                               |                         |  |  | 245,792  | -                           | 245,792      |
| Statewide sales, services and use tax        |                         |  |  | 396,467  | -                           | 396,467      |
| Unrestricted state grants                    |                         |  |  | 1,898,459  | -                           | 1,898,459    |
| Contributions and donations                  |                         |  |  | 500  | -                           | 500          |
| Unrestricted investment earnings             |                         |  |  | 10,888   | 89                          | 10,977       |
| Other  |                         |  |  | 25,966   | -                           | 25,966       |
| Total general revenues                       |                         |  |  | 4,872,357  | 89                          | 4,872,446    |
| Change in net position before transfers      |                         |  |  | 1,116,554  | (88,935)                    | 1,027,619    |
| Transfers in (out)                           |                         |  |  | (11)   | 11                          | -            |
| Change in net position                       |                         |  |  | 1,116,543  | (88,924)                    | 1,027,619    |
| Net position beginning of year               |                         |  |  | 3,661,066  | (18,921)                    | 3,642,145    |
| Net position end of year                     |                         |  |  | \$ 4,777,609   | \$ (107,845)                | \$ 4,669,764 |

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

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2020

Exhibit C

|   | <u>General</u>     | <u>Debt<br/>Service</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total</u>       |
|---|--------------------|-------------------------|--|--------------------|
| <b>Assets</b>   |                    |                         |  |                    |
| Cash, cash equivalents<br>and pooled investments                        | \$2,031,214        | \$ 28,545               | \$ 1,059,393                               | \$3,119,152        |
| Receivables   |                    |                         |  |                    |
| Property tax  |                    |                         |  |                    |
| Delinquent  | 15,700             | 3,570                   | 3,897                                      | 23,167             |
| Succeeding year   | 1,502,515          | 416,305                 | 467,523                                    | 2,386,343          |
| Accounts receivable   | 5,355              | -                       | 135  | 5,490              |
| Income surtax   | 201,476            | -                       | -  | 201,476            |
| Due from other governments  | 245,066            | 16                      | 33,385                                     | 278,467            |
| Due from other funds  | -                  | -                       | 16,536                                     | 16,536             |
| Total assets  | <u>\$4,001,326</u> | <u>\$ 448,436</u>       | <u>\$ 1,580,869</u>                        | <u>\$6,030,631</u> |
| <b>Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</b> |                    |                         |  |                    |
| <b>Liabilities</b>  |                    |                         |  |                    |
| Accounts payable  | \$ 25,268          | \$ 500                  | \$ 615                                     | \$ 26,383          |
| Salaries and benefits payable   | 395,724            | -                       | -  | 395,724            |
| Advances from grantors  | 24,017             | -                       | -  | 24,017             |
| Due to other governments  | 271,259            | -                       | -  | 271,259            |
| Total liabilities   | <u>716,268</u>     | <u>500</u>              | <u>615</u>                                 | <u>717,383</u>     |
| <b>Deferred inflows of resources</b>                                    |                    |                         |  |                    |
| <b>Unavailable revenue</b>  |                    |                         |  |                    |
| Succeeding year property tax  | 1,502,515          | 416,305                 | 467,523                                    | 2,386,343          |
| Income surtax   | 201,476            | -                       | -  | 201,476            |
| Total deferred inflows of resources                                     | <u>1,703,991</u>   | <u>416,305</u>          | <u>467,523</u>                             | <u>2,587,819</u>   |
| <b>Fund balances</b>  |                    |                         |  |                    |
| <b>Restricted for</b>   |                    |                         |  |                    |
| Categorical funding   | 260,641            | -                       | -  | 260,641            |
| School infrastructure   | -                  | -                       | 589,242                                    | 589,242            |
| Student activities  | -                  | -                       | 150,611                                    | 150,611            |
| Management levy purposes  | -                  | -                       | 179,251                                    | 179,251            |
| Physical plant and equipment  | -                  | -                       | 193,627                                    | 193,627            |
| Debt service  | -                  | 31,631                  | -  | 31,631             |
| Unassigned  | 1,320,426          | -                       | -  | 1,320,426          |
| Total fund balances   | <u>1,581,067</u>   | <u>31,631</u>           | <u>1,112,731</u>                           | <u>2,725,429</u>   |
| Total liabilities, deferred inflows of<br>resources and fund balances   | <u>\$4,001,326</u> | <u>\$ 448,436</u>       | <u>\$ 1,580,869</u>                        | <u>\$6,030,631</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, 2020

Exhibit D

|  |                                      |
|--|--------------------------------------|
| <b>Total fund balances of governmental funds</b>   | <b>\$2,725,429</b>                   |
| <br><b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>  |                                      |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.   | 9,450,414                            |
| 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.   | 201,476                              |
| 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. | 62,011                               |
| 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.   | (6,650)                              |
| <hr/>  |                                      |
| 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   | \$518,330                            |
| Deferred inflows of resources  | <u>(255,037)</u>                     |
|  | 263,293                              |
| Long-term liabilities, including bonds and notes payable, termination benefits and other postemployment benefits payable and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.                   | <u>(7,918,364)</u>                   |
| <br><b>Net position of governmental activities</b>   | <br><b><u><u>\$4,777,609</u></u></b> |

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, 2020

Exhibit E

|  | <u>General</u>     | <u>Debt<br/>Service</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total</u>       |
|--|--------------------|-------------------------|--|--------------------|
| Revenues   |                    |                         |  |                    |
| Local sources  |                    |                         |  |                    |
| Local tax  | \$1,787,925        | \$348,838               | \$ 383,648                                 | \$2,520,411        |
| Tuition  | 615,167            | -                       | -  | 615,167            |
| Other  | 179,484            | -                       | 210,947                                    | 390,431            |
| State sources  | 2,596,374          | 2,071                   | 398,745                                    | 2,997,190          |
| Federal sources  | 98,649             | -                       | -  | 98,649             |
| Total revenues   | <u>5,277,599</u>   | <u>350,909</u>          | <u>993,340</u>                             | <u>6,621,848</u>   |
| Expenditures   |                    |                         |  |                    |
| Current  |                    |                         |  |                    |
| Instruction  |                    |                         |  |                    |
| Regular  | 2,176,195          | -                       | 21,505                                     | 2,197,700          |
| Special  | 546,304            | -                       | -  | 546,304            |
| Other  | 380,427            | -                       | 163,960                                    | 544,387            |
|  | <u>3,102,926</u>   | <u>-</u>                | <u>185,465</u>                             | <u>3,288,391</u>   |
| Support services   |                    |                         |  |                    |
| Student  | 169,623            | -                       | -  | 169,623            |
| Instructional staff  | 147,512            | -                       | 25,952                                     | 173,464            |
| Administration   | 676,324            | -                       | 32,556                                     | 708,880            |
| Operation and maintenance                                    | 416,260            | -                       | 89,095                                     | 505,355            |
| Transportation   | 125,437            | -                       | 54,566                                     | 180,003            |
|  | <u>1,535,156</u>   | <u>-</u>                | <u>202,169</u>                             | <u>1,737,325</u>   |
| Other expenditures   |                    |                         |  |                    |
| Facilities acquisition                                       | -                  | -                       | 194,732                                    | 194,732            |
| Long-term debt   |                    |                         |  |                    |
| Principal  | -                  | 630,000                 | -  | 630,000            |
| Interest and fiscal charges                                  | -                  | 170,208                 | -  | 170,208            |
| AEA flowthrough  | 166,477            | -                       | -  | 166,477            |
|  | <u>166,477</u>     | <u>800,208</u>          | <u>194,732</u>                             | <u>1,161,417</u>   |
| Total expenditures   | <u>4,804,559</u>   | <u>800,208</u>          | <u>582,366</u>                             | <u>6,187,133</u>   |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>473,040</u>     | <u>(449,299)</u>        | <u>410,974</u>                             | <u>434,715</u>     |
| Other financing sources (uses)                               |                    |                         |  |                    |
| Transfers in   | -                  | 448,503                 | -  | 448,503            |
| Transfers (out)  | (11)               | -                       | (448,503)                                  | (448,514)          |
| Total other financing sources (uses)                         | <u>(11)</u>        | <u>448,503</u>          | <u>(448,503)</u>                           | <u>(11)</u>        |
| Change in fund balances                                      | 473,029            | (796)                   | (37,529)                                   | 434,704            |
| Fund balance, beginning of year                              | 1,108,038          | 32,427                  | 1,150,260                                  | 2,290,725          |
| Fund balance, end of year                                    | <u>\$1,581,067</u> | <u>\$ 31,631</u>        | <u>\$ 1,112,731</u>                        | <u>\$2,725,429</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, 2020

Exhibit F

**Change in fund balances - total governmental funds** \$ 434,704

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

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

|                                 |                  |          |
|---------------------------------|------------------|----------|
| Expenditures for capital assets | \$ 182,556       |          |
| Depreciation expense            | <u>(276,920)</u> | (94,364) |

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. 6,140

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. 17,525

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. 630,000

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

|                               |                |           |
|-------------------------------|----------------|-----------|
| Termination benefits          | 19,977         |           |
| Pension expense               | (302,677)      |           |
| Other postemployment benefits | <u>144,065</u> | (138,635) |

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. 29,640

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. 231,533

**Change in net position of governmental activities** \$1,116,543

See notes to financial statements.

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

Exhibit G

|   | <u>Nonmajor<br/>Enterprise</u> | <u>Governmental<br/>Activity<br/>Internal<br/>Service</u> |
|---|--------------------------------|---|
| <b>Assets</b>                                   |                                |   |
| Current assets                                  |                                |   |
| Cash and cash equivalents                       | \$ 16,584                      | \$ 62,011   |
| Accounts receivable                             | 1,173                          | -   |
| Inventories                                     | 11,375                         | -   |
| Total current assets                            | 29,132                         | 62,011  |
| Noncurrent assets                               |                                |   |
| Capital assets, net of accumulated depreciation | 15,556                         | -   |
| Total assets                                    | 44,688                         | 62,011  |
| <b>Deferred Outflows of Resources</b>           |                                |   |
| Pension related deferred outflows               | 18,925                         | -   |
| <b>Liabilities</b>                              |                                |   |
| Current liabilities                             |                                |   |
| Salaries and benefits payable                   | 18,885                         | -   |
| Due to other fund                               | 16,536                         | -   |
| Due to other governments                        | 31,554                         | -   |
| Unearned revenue                                | 7,738                          | -   |
| Total current liabilities                       | 74,713                         |   |
| Noncurrent liabilities                          |                                |   |
| Net pension liability                           | 55,201                         | -   |
| Total liabilities                               | 129,914                        | -   |
| <b>Deferred Inflows of Resources</b>            |                                |   |
| Pension related deferred inflows                | 41,544                         | -   |
| <b>Net Position</b>                             |                                |   |
| Investment in capital assets                    | 15,556                         | -   |
| Unrestricted                                    | (123,401)                      | 62,011  |
| Total net position                              | \$(107,845)                    | \$ 62,011   |

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, 2020

Exhibit H

|                                | Nonmajor<br><u>Enterprise</u> | Governmental<br><u>Activity</u><br><u>Internal<br/>Service</u> |
|--------------------------------|-------------------------------|--|
| Operating revenue              |                               |  |
| Local sources                  |                               |  |
| Charges for service            | \$ 127,361                    | \$47,777   |
| <br>Operating expenses         |                               |  |
| Support services               |                               |  |
| Administration                 | -                             | 30,417   |
| <br>Non-instructional programs |                               |  |
| Food service operations        | 217,567                       | -  |
| Preschool operations           | 73,755                        | -  |
| Total operating expenses       | <u>291,322</u>                | <u>30,417</u>  |
| Operating income (loss)        | <u>(163,961)</u>              | <u>17,360</u>  |
| <br>Non-operating revenues     |                               |  |
| Interest income                | 89                            | 165  |
| State sources                  | 1,586                         | -  |
| Federal sources                | 73,351                        | -  |
| Total non-operating revenues   | <u>75,026</u>                 | <u>165</u>   |
| <br>Net loss before transfers  | (88,935)                      | -  |
| Transfers in                   | 11                            | -  |
| Change in net position         | <u>(88,924)</u>               | 17,525   |
| Net position beginning of year | <u>(18,921)</u>               | <u>44,486</u>  |
| <br>Net position end of year   | <u><u>\$(107,845)</u></u>     | <u><u>\$62,011</u></u>   |

See notes to financial statements.

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

Exhibit I

|  | Nonmajor<br>Enterprise | Governmental<br>Activity<br><u>Internal<br/>Service</u> |
|--|------------------------|---|
| Cash flows from operating activities                     |                        |   |
| Cash received from sale of services                      | \$ 131,489             | \$ 47,777   |
| Cash payments to employees for services                  | (119,779)              | (30,417)  |
| Cash payments to suppliers for goods and services        | <u>(109,520)</u>       | <u>-</u>  |
| Net cash provided by (used in) operating activities      | <u>(97,810)</u>        | <u>17,360</u>   |
| Cash flows from non-capital financing activities         |                        |   |
| Operating transfers in                                   | 11                     | -   |
| State grants received                                    | 1,586                  | -   |
| Federal grants received                                  | <u>60,083</u>          | <u>-</u>  |
| Net cash provided by non-capital financing activities    | <u>61,680</u>          | <u>-</u>  |
| Cash flows from capital and related financing activities | <u>-</u>               | <u>-</u>  |
| Cash flows from investing activities                     |                        |   |
| Interest on investments                                  | <u>89</u>              | <u>165</u>  |
| Net increase (decrease) in cash and cash equivalents     | (36,041)               | 17,525  |
| Cash and cash equivalents, beginning of year             | 52,625                 | 44,486  |
| Cash and cash equivalents, end of year                   | <u>\$ 16,584</u>       | <u>\$ 62,011</u>  |

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

|   |                    |                  |
|---|--------------------|------------------|
| Operating income (loss)   | \$(163,961)        | \$ 17,360        |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities |                    |                  |
| Depreciation  | 5,723              | -                |
| Commodities used  | 13,830             | -                |
| Change in assets and liabilities:   |                    |                  |
| Accounts receivable   | 246                | -                |
| Due to other fund   | 16,524             | -                |
| Due to other governments  | 18,076             | -                |
| Inventories   | (5,031)            | -                |
| Deferred outflows of resources  | 1,943              | -                |
| Net pension liability   | (1,889)            | -                |
| Deferred inflows of resources   | 13,708             | -                |
| Accounts payable  | (100)              | -                |
| Unearned revenue  | 3,882              | -                |
| Accrued salaries and benefits   | (761)              | -                |
| Net cash provided by (used in) operating activities   | <u>\$ (97,810)</u> | <u>\$ 17,360</u> |

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

During the year ended June 30, 2020, the District received \$13,830 of federal commodities.

See notes to financial statements.



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

**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 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 the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

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

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds 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 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 is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2019.

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

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

Capital Assets - Capital assets, which include property, furniture and equipment are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

| <u>Asset Class</u>                | <u>Amount</u> |
|-----------------------------------|---------------|
| Land                              | \$ 2,500      |
| Buildings                         | \$ 2,500      |
| Improvements other than buildings | \$ 2,500      |
| Intangibles                       | \$25,000      |
| Furniture and equipment:          |               |
| School Nutrition Fund equipment   | \$ 500        |
| Other furniture and equipment     | \$ 2,500      |

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

| <u>Asset Class</u>                | <u>Useful Life</u> |
|-----------------------------------|--------------------|
| Buildings & Improvements          | 50 years           |
| Improvements other than buildings | 20-50 years        |
| Intangibles                       | 5-10 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.

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

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

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

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

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 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.

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

Unassigned - All amounts not included in the preceding classifications.

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

Net position restricted through enabling legislation includes \$172,945 for management levy purposes, \$193,627 for physical plant and equipment, \$150,611 for student activities and \$589,242 for school infrastructure.

E. Budgets and Budgetary Accounting

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

F. Estimates

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

**Note 2. Cash, Cash Equivalents and Pooled Investments**

The District’s deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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

**Note 3. Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2020 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u>      | <u>Amount</u> |
|------------------------|--------------------------|---------------|
| Nonmajor Enterprise    | Nonmajor Special Revenue |               |
| Preschool Program      | Student Activities       | \$ 16,536     |

The Preschool Program and Student Activities funds share a bank account. The Preschool Programs Fund had a negative cash balance at June 30, 2020, which is shown in the financial statements at Due From and Due To Other Funds. This situation is expected to be resolved during the year ending June 30, 2021.

#### Note 4. Interfund Transfers

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

| Transfer To         | Transfer From                         | Amount            |
|---------------------|---------------------------------------|-------------------|
| Governmental        | Nonmajor Capital Projects             |                   |
| Debt service        | Statewide sales, services and use tax | \$ 448,503        |
| Nonmajor Enterprise | Major Governmental                    |                   |
| School Nutrition    | General                               | 11                |
|                     |                                       | <u>\$ 448,514</u> |

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

#### Note 5. Capital Assets

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

|  | Balance,<br>Beginning<br>of Year | Increases          | Decreases   | Balance,<br>End of<br>Year |
|--|----------------------------------|--------------------|-------------|----------------------------|
| <u>Governmental activities</u>               |                                  |                    |             |                            |
| Capital assets not being depreciated:        |                                  |                    |             |                            |
| Land   | \$ 453,369                       | \$ -               | \$ -        | \$ 453,369                 |
| Capital assets being depreciated:            |                                  |                    |             |                            |
| Buildings & improvements                     | 12,069,870                       | 179,409            | -           | 12,249,279                 |
| Site Improvements                            | 222,399                          | 3,147              | -           | 225,546                    |
| Furniture and equipment                      | 2,029,704                        | -                  | -           | 2,029,704                  |
| Total capital assets being depreciated       | <u>14,321,973</u>                | <u>182,556</u>     | <u>-</u>    | <u>14,504,529</u>          |
| Less accumulated depreciation for:           |                                  |                    |             |                            |
| Buildings and improvements                   | 3,471,841                        | 201,843            | -           | 3,673,684                  |
| site Improvements                            | 19,132                           | 4,512              | -           | 23,644                     |
| Furniture and equipment                      | 1,739,591                        | 70,565             | -           | 1,810,156                  |
| Total accumulated depreciation               | <u>5,230,564</u>                 | <u>276,920</u>     | <u>-</u>    | <u>5,507,484</u>           |
| Total capital assets being depreciated, net  | <u>9,091,409</u>                 | <u>(94,364)</u>    | <u>-</u>    | <u>8,997,045</u>           |
| Governmental activities capital assets, net  | <u>\$ 9,544,778</u>              | <u>\$ (94,364)</u> | <u>\$ -</u> | <u>\$ 9,450,414</u>        |
| <u>Business type activities</u>              |                                  |                    |             |                            |
| Furniture and equipment                      |                                  |                    |             |                            |
| Less accumulated depreciation                | \$ 115,480                       | \$ -               | \$ -        | \$ 115,480                 |
| Business type activities capital assets, net | <u>94,201</u>                    | <u>5,723</u>       | <u>-</u>    | <u>99,924</u>              |
|  | <u>\$ 21,279</u>                 | <u>\$ (5,723)</u>  | <u>\$ -</u> | <u>\$ 15,556</u>           |



Depreciation expense was charged to the following functions:

|  |                   |
|--|-------------------|
| <b>Governmental activities</b>                     |                   |
| Instruction  |                   |
| Regular  | \$ 1,921          |
| Other  | 1,654             |
| Support services                                   |                   |
| Instructional staff                                | 11,158            |
| Administration                                     | 5,472             |
| Operation and maintenance of plant                 | 9,991             |
| Transportation                                     | <u>27,759</u>     |
|  | 57,955            |
| Unallocated depreciation                           | <u>218,965</u>    |
| Total governmental activities depreciation expense | <u>\$ 276,920</u> |
| <br><b>Business type activities</b>                |                   |
| Food services                                      | <u>\$ 5,723</u>   |

**Note 6. Long-term Liabilities**

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

|                          | Balance,<br>Beginning<br>of Year | Additions   | Reductions          | Balance,<br>End<br>of Year | Due<br>Within<br>One Year |
|--------------------------|----------------------------------|-------------|---------------------|----------------------------|---------------------------|
| Governmental activities  |                                  |             |                     |                            |                           |
| General obligation bonds | \$ 3,955,000                     | \$ -        | \$ (265,000)        | \$ 3,690,000               | \$ 270,000                |
| Revenue refunding bonds  | 2,290,000                        | -           | (365,000)           | 1,925,000                  | -                         |
| Termination benefits     | 26,283                           | -           | (19,977)            | 6,306                      | 6,306                     |
| Net pension liability    | 1,822,418                        | -           | (41,494)            | 1,780,924                  | -                         |
| Net OPEB liability       | <u>660,199</u>                   | -           | <u>(144,065)</u>    | <u>516,134</u>             | -                         |
| Totals                   | <u>\$ 8,753,900</u>              | <u>\$ -</u> | <u>\$ (835,536)</u> | <u>\$ 7,918,364</u>        | <u>\$ 276,306</u>         |
| Business type activities |                                  |             |                     |                            |                           |
| Net pension liability    | <u>\$ 57,090</u>                 | <u>\$ -</u> | <u>\$ (1,889)</u>   | <u>\$ 55,201</u>           | <u>\$ -</u>               |

Interest costs incurred and charged to expense on all long-term debt was \$140,568 for the year ended June 30, 2020. During the year ended June 30, 2020, the District made principal payments on total long-term debt of \$630,000.

Refunding Revenue Bonds

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

| Year<br>Ending<br>June 30, | Bond issue of September 2015 |                   |                     |                     |
|----------------------------|------------------------------|-------------------|---------------------|---------------------|
|                            | Interest<br>Rates            | Interest          | Principal           | Total               |
| 2021                       | 2.55%                        | \$ -              | \$ -                | \$ -                |
| 2022                       | 2.55%                        | 46,665            | 190,000             | 236,665             |
| 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             |
| 2026-2030                  | 2.55%                        | <u>72,675</u>     | <u>1,120,000</u>    | <u>1,192,675</u>    |
| Totals                     |                              | <u>\$ 228,798</u> | <u>\$ 1,925,000</u> | <u>\$ 2,153,798</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 60% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$2,153,798. For the current year, \$180,000 of principal and \$56,100 of interest was paid on the bonds and statewide sales, services and use tax revenues were \$396,467.

#### 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, 2020 general obligation indebtedness are as follows:

| Year<br>Ending<br>June 30, | Bond issue of July 2016 |                   |                     |                     |
|----------------------------|-------------------------|-------------------|---------------------|---------------------|
|                            | Interest<br>Rates       | Interest          | Principal           | Total               |
| 2021                       | 2.00%                   | \$ 79,805         | \$ 270,000          | \$ 349,805          |
| 2022                       | 2.00%                   | 74,405            | 275,000             | 349,405             |
| 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             |
| 2026-2030                  | 2.0-2.1%                | 207,925           | 1,090,000           | 1,297,925           |
| 2031-2035                  | 2.2-2.7%                | 103,460           | 975,000             | 1,078,460           |
| 2036                       | 2.7%                    | <u>5,670</u>      | <u>210,000</u>      | <u>215,670</u>      |
| Totals                     |                         | <u>\$ 660,780</u> | <u>\$ 3,690,000</u> | <u>\$ 4,350,780</u> |

#### Termination Benefits

The District offered a voluntary early retirement plan to its certified employees during the year ended June 30, 2019. To qualify the eligible employee must have reached age 55 on or before the actual date of retirement and have worked at least 10 years of service with the District and have

continuously worked a minimum of the most recent five years of service at the District and was actively employed on at least a  $\frac{3}{4}$  time basis during the five years prior to retirement. The employee must also notify the Board of Education no later than February 1, of the year of retirement. Benefits will be over a two-year period, the first payment being in July of the year of retirement, the second payment in January following retirement and the final payment in July of the following year. Employees requesting termination benefits will receive an amount based on 50% of the retiree's current placement on the salary schedule, not including extra duty increments, phase monies, supplemental pay or extended contracts. Each retiree shall also be entitled to participate until age 65 or the date at which Medicare provides coverage, whichever occurs first, in the employee health insurance plan at their own cost.

At June 30, 2020, the District had obligations to one participant with a total liability of \$6,306.

### **Note 7. Pension Plan**

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](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 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2020 totaled \$231,533.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the District reported a liability of \$1,836,125 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the District's proportion was 0.031497%, which was an increase of 0.001787 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$71,144. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Differences between expected and actual experience   | \$ 5,090                                      | \$ 66,017                                    |
| Changes of assumptions   | 196,675                                       | -  |
| Net difference between projected and actual earnings on IPERS' investments   | -   | 206,909                                      |
| Changes in proportion and differences between District contributions and the District's proportionate share of contributions | 103,955                                       | 23,655                                       |
| District contributions subsequent to the measurement date  | <u>231,535</u>                                | <u>-</u>                                     |
| Total  | <u>\$ 537,255</u>                             | <u>\$ 296,581</u>                            |

\$231,535 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year<br>Ended<br><u>June 30,</u> |                 |
|----------------------------------|-----------------|
| 2021                             | \$ 45,292       |
| 2022                             | (22,048)        |
| 2023                             | (6,763)         |
| 2024                             | (12,849)        |
| 2025                             | 5,507           |
| Total                            | <u>\$ 9,139</u> |

There were no non-employer contributing entities to IPERS.

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

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

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

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

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share 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%<br>Decrease<br>(6.00%) | Discount<br>Rate<br>(7.00%) | 1%<br>Increase<br>(8.00%) |
|--|---------------------------|-----------------------------|---------------------------|
| District's proportionate share of<br>the net pension liability | \$3,260,364               | \$1,836,125                 | \$641,488                 |

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, 2020, the District reported no payables to IPERS for legally required District contributions or for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

### **Note 8. Other Postemployment Benefits (OPEB)**

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

OPEB Benefits - Individuals who are employed by Springville District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

|  |           |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefit payments | 2         |
| Active employees   | <u>64</u> |
| Total  | <u>66</u> |

Total OPEB Liability - The District's total OPEB liability of \$516,134 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

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

|   |                  |
|---|------------------|
| Rate of Inflation<br>(effective June 30, 2020)        | 2.5% per annum.  |
| Rates of salary increase<br>(effective June 30, 2020) | 2.5% per annum.  |
| Discount rate<br>(effective June 30, 2020)            | 2.45% per annum. |

Healthcare cost trend rate  
(effective June 30, 2020)

6.4% initial rate decreasing annually  
to an ultimate rate of 4. 0%

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

Mortality rates are from the SOA RPH-2019 total dataset mortality table fully generational using Scale MP-2019. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

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

Changes in the Total OPEB Liability

|  |                         |
|--|-------------------------|
|  | Total OPEB<br>Liability |
| Total OPEB liability beginning of year                 | <u>\$ 660,199</u>       |
| Changes for the year:                                  |                         |
| Service cost   | 53,452                  |
| Interest   | 20,664                  |
| Differences between expected<br>and actual experiences | (144,430)               |
| Changes in assumptions                                 | (23,231)                |
| Benefit payments                                       | <u>(50,520)</u>         |
| Net changes  | <u>(144,065)</u>        |
| Total OPEB liability end of year                       | <u>\$ 516,134</u>       |

Changes of assumptions reflect a change in the discount rate from 3.13% in fiscal year 2019 to 2.45% in fiscal year 2020.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.45%) or 1% higher (3.45%) than the current discount rate.

|                      |                        |                          |                        |
|----------------------|------------------------|--------------------------|------------------------|
|                      | 1% Decrease<br>(1.45%) | Discount Rate<br>(2.45%) | 1% Increase<br>(3.45%) |
| Total OPEB liability | <u>\$573,250</u>       | <u>\$516,134</u>         | <u>\$464,245</u>       |

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District as what the District's total OPEB liability would be it were calculated using healthcare cost trend rates that are 1% lower (5.4%) or 1% higher (7.4%) than the current healthcare cost trend rates.



|                      | 1% Decrease<br>(5.4%) | Healthcare Cost Trend Rate<br>(6.4%) | 1% Increase<br>(7.4%) |
|----------------------|-----------------------|--------------------------------------|-----------------------|
| Total OPEB liability | \$434,723             | \$516,134                            | \$618,181             |

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2020, the District recognized OPEB expense of \$144,065. At June 30, 2020, the District reported no deferred outflows or inflows of resources related to OPEB.

**Note 9. Risk Management**

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

**Note 10. Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$166,477 adjusting entry to the cash basis financial statements.

**Note 11. Contingencies**

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

**Note 12. Categorical Funding**

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

balance.

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2020.

Program

|  |                   |
|--|-------------------|
| Home school assistance program                   | \$ 28,232         |
| Returning dropout and dropout prevention program | 37,433            |
| Teacher leadership                               | 27,637            |
| Statewide voluntary preschool                    | 87,048            |
| Early Literacy                                   | 58,448            |
| Educator quality, professional development       | <u>21,843</u>     |
|  | <u>\$ 260,641</u> |

**Note 13. Deficit Net Position**

The District had the following deficit net position balances at June 30, 2020.

|   |           |
|---|-----------|
| • School Nutrition Fund, unrestricted net position    | \$ 83,246 |
| • School Nutrition Fund, total net position           | \$ 67,690 |
| • Preschool Fund, unrestricted net position           | \$ 40,155 |
| • Preschool Fund, total net position                  | \$ 40,155 |
| • Enterprise Funds, unrestricted net position         | \$123,401 |
| • Enterprise Funds, total net position                | \$107,845 |
| • Business type activities, unrestricted net position | \$123,401 |
| • Business type activities, total net position        | \$107,845 |
| • Governmental activities, unrestricted net position  | \$449,852 |

**Note 14. Tax Abatements**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

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

There was no property tax revenue of the District reduced by agreements entered into by other entities for the year ended June 30, 2020.

**Note 15. Prospective Accounting Change**

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

**Note 16. Subsequent Events**

The District has evaluated subsequent events through February 2, 2021 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, 2020

|  | Governmental Funds |  | Proprietary Funds  |  | Total Actual       | Budgeted Amounts   |                    | Final to Actual Variance |
|--|--------------------|--|--------------------|--|--------------------|--------------------|--------------------|--------------------------|
|  | Actual             |  | Actual             |  |                    | Original           | Final              |                          |
| <b>Revenues</b>  |                    |  |                    |  |                    |                    |                    |                          |
| Local sources  | \$3,526,009        |  | \$ 127,450         |  | \$3,653,459        | \$3,663,355        | \$3,663,355        | \$ (9,896)               |
| State sources  | 2,997,190          |  | 1,586              |  | 2,998,776          | 3,014,826          | 3,014,826          | (16,050)                 |
| Federal sources  | 98,649             |  | 73,351             |  | 172,000            | 182,000            | 182,000            | (10,000)                 |
| Total revenues   | <u>6,621,848</u>   |  | <u>202,387</u>     |  | <u>6,824,235</u>   | <u>6,860,181</u>   | <u>6,860,181</u>   | <u>(35,946)</u>          |
| <b>Expenditures/Expenses</b>                                       |                    |  |                    |  |                    |                    |                    |                          |
| Instruction  | 3,288,391          |  | -                  |  | 3,288,391          | 3,670,000          | 3,670,000          | 381,609                  |
| Support services   | 1,737,325          |  | -                  |  | 1,737,325          | 1,973,000          | 1,973,000          | 235,675                  |
| Non-instructional programs   | -                  |  | 291,322            |  | 291,322            | 325,000            | 325,000            | 33,678                   |
| Other expenditures   | 1,161,417          |  | -                  |  | 1,161,417          | 1,369,623          | 1,369,623          | 208,206                  |
| Total expenditures/expenses  | <u>6,187,133</u>   |  | <u>291,322</u>     |  | <u>6,478,455</u>   | <u>7,337,623</u>   | <u>7,337,623</u>   | <u>859,168</u>           |
| Excess (deficiency) of revenues over (under) expenditures/expenses | 434,715            |  | (88,935)           |  | 345,780            | (477,442)          | (477,442)          | 823,222                  |
| Net other financing (uses)   | <u>(11)</u>        |  | <u>11</u>          |  | <u>-</u>           | <u>-</u>           | <u>-</u>           | <u>-</u>                 |
| Change in fund balance   | 434,704            |  | (88,924)           |  | 345,780            | (477,442)          | (477,442)          | 823,222                  |
| Balance, beginning of year   | 2,290,725          |  | (18,921)           |  | 2,271,804          | 1,603,013          | 1,603,013          | 668,791                  |
| Balance, end of year   | <u>\$2,725,429</u> |  | <u>\$(107,845)</u> |  | <u>\$2,617,584</u> | <u>\$1,125,571</u> | <u>\$1,125,571</u> | <u>\$1,492,013</u>       |

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Notes to Required Supplementary Information – Budgetary Reporting  
For the Year Ended June 30, 2020

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. 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 or 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, 2020.

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

|  | 2020         | 2019         | 2018        | 2017        | 2016         | 2015        |
|--|--------------|--------------|-------------|-------------|--------------|-------------|
| District's proportion of the net pension liability   | 0.031497%    | 0.029710%    | 0.029307%   | 0.029018%   | 0.030125%    | 0.033534%   |
| District's proportionate share of the net pension liability  | \$ 1,836,125 | \$ 1,879,508 | \$1,934,739 | \$1,809,614 | \$ 1,497,628 | \$1,357,157 |
| District's covered payroll   | \$ 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 | 75.93%       | 84.17%       | 88.85%      | 87.08%      | 71.91%       | 60.61%      |
| IPERS' net position as a percentage of the total pension liability                                 | 85.45%       | 83.62%       | 82.21%      | 81.82%      | 85.19%       | 87.61%      |

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

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

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

|   | <u>2020</u>      | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      | <u>2013</u>      | <u>2012</u>      | <u>2011</u>      |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Statutorily required contribution                                     | \$ 231,533       | \$ 228,284       | \$ 199,407       | \$ 194,453       | \$ 185,579       | \$ 185,979       | \$ 199,965       | \$ 192,514       | \$ 168,343       | \$ 140,163       |
| Contributions in relation to the<br>statutorily required contribution | <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> | <u>(168,343)</u> | <u>(140,163)</u> |
| Contribution deficiency (excess)                                      | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| District's covered payroll  | \$2,452,682      | \$2,418,258      | \$2,233,005      | \$2,177,525      | \$2,078,153      | \$2,082,631      | \$2,239,250      | \$2,220,461      | \$2,086,035      | \$2,016,734      |
| Contributions as a percentage of<br>covered payroll                   | 9.44%            | 9.44%            | 8.93%            | 8.93%            | 8.93%            | 8.93%            | 8.93%            | 8.67%            | 8.07%            | 6.95%            |

See accompanying Independent Auditor's Report.



SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Notes to Required Supplementary Information – Pension Liability  
For the Year Ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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

|  | 2020              | 2019              | 2018              |
|--|-------------------|-------------------|-------------------|
| Service cost   | \$ 53,452         | \$ 52,148         | \$ 87,275         |
| Interest cost  | 20,664            | 17,536            | 16,575            |
| Difference between expected and<br>actual experiences                | (144,430)         | -                 | -                 |
| Changes in assumptions   | (23,231)          | 30,262            | (1,482)           |
| Benefit payments   | (50,520)          | -                 | -                 |
| Net change in total OPEB liability                                   | (144,065)         | 99,946            | 102,368           |
| Total OPEB liability beginning of year                               | 660,199           | 560,253           | 457,885           |
| Total OPEB liability end of year                                     | <u>\$ 516,134</u> | <u>\$ 660,199</u> | <u>\$ 560,253</u> |
| <br>   |                   |                   |                   |
| Covered-employee payroll   | \$ 2,316,524      | \$ 2,053,923      | \$ 1,677,184      |
| Total OPEB liability as a percentage<br>of covered -employee payroll | 22.28%            | 32.14%            | 33.40%            |

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

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

## Supplementary Information

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

Schedule 1

|   | Special Revenue  |                  | Capital Projects  |   | <u>Total</u>       |
|---|------------------|------------------|---|---|--------------------|
|   | Student          | Management       | Local   | Physical                                    |                    |
|   | <u>Activity</u>  | <u>Levy</u>      | <u>Option</u><br><u>Sales and</u><br><u>Service Tax</u> | <u>Plant &amp;</u><br><u>Equipment Levy</u> |                    |
| <b>Assets</b>   |                  |                  |   |   |                    |
| Cash, cash equivalents and pooled investments                           | \$134,555        | \$177,819        | \$ 555,904  | \$191,115                                   | \$1,059,393        |
| Receivables   |                  |                  |   |   |                    |
| Property tax  |                  |                  |   |   |                    |
| Delinquent  | -                | 1,415            | -   | 2,482                                       | 3,897              |
| Succeeding year   | -                | 210,000          | -   | 257,523                                     | 467,523            |
| Accounts receivable   | 135              | -                | -   | -   | 135                |
| Due from other governments  | -                | 17               | 33,338  | 30  | 33,385             |
| Due from other funds  | 16,536           | -                | -   | -   | 16,536             |
| Total assets  | <u>\$151,226</u> | <u>\$389,251</u> | <u>\$ 589,242</u>                                       | <u>\$451,150</u>                            | <u>\$1,580,869</u> |
| <b>Liabilities, Deferred Inflows of Resources<br/>and Fund Balances</b> |                  |                  |   |   |                    |
| Liabilities   |                  |                  |   |   |                    |
| Accounts payable  | \$ 615           | \$ -             | \$ -  | \$ -  | \$ 615             |
| Deferred inflows of resources   |                  |                  |   |   |                    |
| Unavailable revenue   |                  |                  |   |   |                    |
| Succeeding year property tax  | -                | 210,000          | -   | 257,523                                     | 467,523            |
| Fund balances   |                  |                  |   |   |                    |
| Restricted for  |                  |                  |   |   |                    |
| Student activities  | 150,611          | -                | -   | -   | 150,611            |
| Management levy purposes  | -                | 179,251          | -   | -   | 179,251            |
| School infrastructure   | -                | -                | 589,242   | -   | 589,242            |
| Physical plant and equipment  | -                | -                | -   | 193,627                                     | 193,627            |
| Total fund balances   | <u>150,611</u>   | <u>179,251</u>   | <u>589,242</u>  | <u>193,627</u>                              | <u>1,112,731</u>   |
| Total liabilities, deferred inflows of resources<br>and fund balances   | <u>\$151,226</u> | <u>\$389,251</u> | <u>\$ 589,242</u>                                       | <u>\$451,150</u>                            | <u>\$1,580,869</u> |

See accompanying Independent Auditor's Report.

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

Schedule 2

| Revenues                             | Special Revenue |            | Capital Projects                   |                           | Total       |
|--------------------------------------|-----------------|------------|------------------------------------|---------------------------|-------------|
|                                      | Student         | Management | Local                              | Physical                  |             |
|                                      | Activity        | Levy       | Option<br>Sales and<br>Service Tax | Plant &<br>Equipment Levy |             |
| Local sources                        |                 |            |                                    |                           |             |
| Local taxes                          | \$ -            | \$ 139,306 | \$ -                               | \$ 244,342                | \$ 383,648  |
| Other                                | 202,880         | 2,160      | 3,813                              | 2,094                     | 210,947     |
| State sources                        | -               | 827        | 396,467                            | 1,451                     | 398,745     |
| Total revenues                       | 202,880         | 142,293    | 400,280                            | 247,887                   | 993,340     |
|                                      |                 |            |                                    |                           |             |
| Expenditures                         |                 |            |                                    |                           |             |
| Current                              |                 |            |                                    |                           |             |
| Instruction                          |                 |            |                                    |                           |             |
| Regular                              | -               | 21,505     | -                                  | -                         | 21,505      |
| Other                                | 163,960         | -          | -                                  | -                         | 163,960     |
| Total instruction                    | 163,960         | 21,505     | -                                  | -                         | 185,465     |
| Support services                     |                 |            |                                    |                           |             |
| Instructional staff                  | -               | -          | -                                  | 25,952                    | 25,952      |
| Administration                       | -               | 19,082     | -                                  | 13,474                    | 32,556      |
| Operation and maintenance of plant   | -               | 87,906     | -                                  | 1,189                     | 89,095      |
| Transportation                       | -               | 12,597     | -                                  | 41,969                    | 54,566      |
| Total support services               | -               | 119,585    | -                                  | 82,584                    | 202,169     |
| Other expenditures                   |                 |            |                                    |                           |             |
| Facilities acquisition               | -               | -          | -                                  | 194,732                   | 194,732     |
| Total expenditures                   | 163,960         | 141,090    | -                                  | 277,316                   | 582,366     |
|                                      |                 |            |                                    |                           |             |
| Excess (deficiency) of revenues over |                 |            |                                    |                           |             |
| (under) expenditures                 | 38,920          | 1,203      | 400,280                            | (29,429)                  | 410,974     |
| Other financing sources              |                 |            |                                    |                           |             |
| Transfers (out)                      | -               | -          | (448,503)                          | -                         | (448,503)   |
| Change in fund balances              | 38,920          | 1,203      | (48,223)                           | (29,429)                  | (37,529)    |
| Fund balances, beginning of year     | 111,691         | 178,048    | 637,465                            | 223,056                   | 1,150,260   |
| Fund balances, end of year           | \$150,611       | \$ 179,251 | \$ 589,242                         | \$ 193,627                | \$1,112,731 |

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Combining Statement of Net Position  
Nonmajor Enterprise Funds  
June 30, 2020

Schedule 3

|   | <u>School<br/>Nutrition</u> | <u>Preschool</u> | <u>Total</u> |
|---|-----------------------------|------------------|--------------|
| <b>Assets</b>                                   |                             |                  |              |
| Current assets                                  |                             |                  |              |
| Cash and cash equivalents                       | \$ 16,584                   | \$ -             | \$ 16,584    |
| Accounts receivable                             | 1,173                       | -                | 1,173        |
| Inventories                                     | 11,375                      | -                | 11,375       |
| Total current assets                            | 29,132                      | -                | 29,132       |
| Noncurrent assets                               |                             |                  |              |
| Capital assets, net of accumulated depreciation | 15,556                      | -                | 15,556       |
| Total assets                                    | 44,688                      | -                | 44,688       |
| <b>Deferred Outflows of Resources</b>           |                             |                  |              |
| Pension related deferred outflows               | 14,007                      | 4,918            | 18,925       |
| <b>Liabilities</b>                              |                             |                  |              |
| Current liabilities                             |                             |                  |              |
| Salaries and benefits payable                   | 9,649                       | 9,236            | 18,885       |
| Due to other fund                               | -                           | 16,536           | 16,536       |
| Due to other governments                        | 31,554                      | -                | 31,554       |
| Unearned revenue                                | 7,738                       | -                | 7,738        |
| Total current liabilities                       | 48,941                      | 25,772           | 74,713       |
| Noncurrent liabilities                          |                             |                  |              |
| Net pension liability                           | 51,099                      | 4,102            | 55,201       |
| Total liabilities                               | 100,040                     | 29,874           | 129,914      |
| <b>Deferred Inflows of Resources</b>            |                             |                  |              |
| Pension related deferred inflows                | 26,345                      | 15,199           | 41,544       |
| <b>Net Position</b>                             |                             |                  |              |
| Investment in capital assets                    | 15,556                      | -                | 15,556       |
| Unrestricted                                    | (83,246)                    | (40,155)         | (123,401)    |
| Total net position                              | \$(67,690)                  | \$(40,155)       | \$(107,845)  |

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, 2020

Schedule 4

|                                | School<br><u>Nutrition</u> | <u>Preschool</u>   | <u>Total</u>        |
|--------------------------------|----------------------------|--------------------|---------------------|
| Operating revenue              |                            |                    |                     |
| Local sources                  |                            |                    |                     |
| Charges for service            | \$ 92,141                  | \$ 35,220          | \$ 127,361          |
| Operating expenses             |                            |                    |                     |
| Non-instructional programs     |                            |                    |                     |
| Salaries                       | 59,527                     | 48,256             | 107,783             |
| Benefits                       | 17,689                     | 23,832             | 41,521              |
| Purchased services             | 31,554                     | -                  | 31,554              |
| Supplies                       | 101,661                    | 1,667              | 103,328             |
| Miscellaneous                  | 1,413                      | -                  | 1,413               |
| Depreciation                   | 5,723                      | -                  | 5,723               |
|                                | <u>217,567</u>             | <u>73,755</u>      | <u>291,322</u>      |
| Operating (loss)               | <u>(125,426)</u>           | <u>(38,535)</u>    | <u>(163,961)</u>    |
| Non-operating revenue          |                            |                    |                     |
| Interest income                | 89                         | -                  | 89                  |
| State sources                  | 1,586                      | -                  | 1,586               |
| Federal sources                | 73,351                     | -                  | 73,351              |
| Total non-operating revenue    | <u>75,026</u>              | <u>-</u>           | <u>75,026</u>       |
| Net (loss) before transfers    | (50,400)                   | (38,535)           | (88,935)            |
| Transfers in                   | 11                         | -                  | 11                  |
| Change in net position         | (50,389)                   | (38,535)           | (88,924)            |
| Net position beginning of year | (17,301)                   | (1,620)            | (18,921)            |
| Net position end of year       | <u>\$ (67,690)</u>         | <u>\$ (40,155)</u> | <u>\$ (107,845)</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, 2020

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  | \$ 95,788          | \$ 35,701         | \$ 131,489         |
| Cash payments to employees for services  | (69,710)           | (50,069)          | (119,779)          |
| Cash payments to suppliers for goods and services                                    | <u>(107,753)</u>   | <u>(1,767)</u>    | <u>(109,520)</u>   |
| Net cash (used in) operating activities  | <u>(81,675)</u>    | <u>(16,135)</u>   | <u>(97,810)</u>    |
| Cash flows from non-capital financing activities                                     |                    |                   |                    |
| Operating transfers in   | 11                 | -                 | 11                 |
| State grants received  | 1,586              | -                 | 1,586              |
| Federal grants received  | <u>60,083</u>      | <u>-</u>          | <u>60,083</u>      |
| Net cash provided by non-capital financing activities                                | <u>61,680</u>      | <u>-</u>          | <u>61,680</u>      |
| Cash flows from capital and related financing activities                             | <u>-</u>           | <u>-</u>          | <u>-</u>           |
| Cash flows from investing activities   |                    |                   |                    |
| Interest on investments  | <u>89</u>          | <u>-</u>          | <u>89</u>          |
| Net (decrease) in cash and cash equivalents  | (19,906)           | (16,135)          | (36,041)           |
| Cash and cash equivalents, beginning of year   | 36,490             | 16,135            | 52,625             |
| Cash and cash equivalents, end of year   | <u>\$ 16,584</u>   | <u>\$ -</u>       | <u>\$ 16,584</u>   |
| <b>Reconciliation of operating (loss) to net cash</b>                                |                    |                   |                    |
| <b>(used in) operating activities</b>  |                    |                   |                    |
| Operating (loss )  | \$(125,426)        | \$(38,535)        | \$(163,961)        |
| Adjustments to reconcile operating (loss) to net cash (used in) operating activities |                    |                   |                    |
| Depreciation   | 5,723              | -                 | 5,723              |
| Commodities used   | 13,830             | -                 | 13,830             |
| Change in assets and liabilities:  |                    |                   |                    |
| Accounts receivable  | (235)              | 481               | 246                |
| Inventories  | (5,031)            | -                 | (5,031)            |
| Deferred outflows of resources   | 2,966              | (1,023)           | 1,943              |
| Due to other fund  | (12)               | 16,536            | 16,524             |
| Due to other governments   | 18,076             | -                 | 18,076             |
| Net pension liability  | (1,042)            | (847)             | (1,889)            |
| Deferred inflows of resources  | 5,664              | 8,044             | 13,708             |
| Accounts payable   | -                  | (100)             | (100)              |
| Unearned revenue   | 3,882              | -                 | 3,882              |
| Accrued salaries and benefits  | (70)               | (691)             | (761)              |
| Net cash (used in) operating activities  | <u>\$ (81,675)</u> | <u>\$(16,135)</u> | <u>\$ (97,810)</u> |
| <b>Non-cash investing, capital and related financing activities:</b>                 |                    |                   |                    |

During the year ended June 30, 2020, the District received \$13,830 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, 2020

Schedule 6

| Account                        | Balance,<br>Beginning<br>of Year | Revenues | Expenditures | Balance,<br>End of<br>Year |
|--------------------------------|----------------------------------|----------|--------------|----------------------------|
| Cross country                  | \$ 911                           | \$ 28    | \$ -         | \$ 939                     |
| Boys basketball                | 5,461                            | 21,315   | 24,215       | 2,561                      |
| Football                       | 2,438                            | 27,209   | 26,694       | 2,953                      |
| Boys baseball                  | 1,850                            | 1,441    | 1,323        | 1,968                      |
| Boys track                     | 42                               | -        | -            | 42                         |
| Boys golf                      | (158)                            | 542      | -            | 384                        |
| Wrestling                      | 109                              | -        | -            | 109                        |
| Girls basketball               | 7,544                            | 12,423   | 14,012       | 5,955                      |
| Girls volleyball               | 5,135                            | 6,931    | 6,402        | 5,664                      |
| Girls softball                 | 3,033                            | 110      | 292          | 2,851                      |
| Girls track                    | 101                              | -        | -            | 101                        |
| Gate money                     | 3,726                            | 46,213   | 42,297       | 7,642                      |
| Weight room                    | 945                              | 2,871    | 3,619        | 197                        |
| Cheerleading                   | 1,369                            | 5,243    | 2,934        | 3,678                      |
| Vocal resale                   | 4,243                            | 1,323    | 1,528        | 4,038                      |
| HS instrumental                | 43                               | 1,097    | 1,140        | -                          |
| HS musical                     | 2,484                            | 6        | 570          | 1,920                      |
| Supply store                   | 410                              | 1        | -            | 411                        |
| Pictures                       | 5,880                            | 519      | 1,027        | 5,372                      |
| Jump Rope for Heart            | 125                              | -        | -            | 125                        |
| Student senate - elementary    | 458                              | 1        | 70           | 389                        |
| Fine arts                      | 94                               | 1,002    | 568          | 528                        |
| Elementary instrumental resale | 2,867                            | 8        | -            | 2,875                      |
| Coding club                    | 252                              | -        | 252          | -                          |
| Book fair                      | 4,336                            | 1,107    | 1,072        | 4,371                      |
| Drama                          | 1,213                            | 3        | 237          | 979                        |
| Art club                       | 4,205                            | 12       | -            | 4,217                      |
| Dance                          | 1,148                            | 4,361    | 2,149        | 3,360                      |
| TADA                           | 164                              | 1        | -            | 165                        |
| Garden project                 | 428                              | -        | 428          | -                          |
| MS Science Club                | 733                              | 2        | -            | 735                        |
| Archery Program                | 26,293                           | 41,660   | 19,148       | 48,805                     |

Springville Community School District  
Schedule of Changes in Special Revenue Fund, Student Accounts  
For the Year Ended June 30, 2020

Schedule 6

| Account             | Balance,<br>Beginning<br>of Year | <u>Revenues</u>   | <u>Expenditures</u> | Balance,<br>End of<br>Year |
|---------------------|----------------------------------|-------------------|---------------------|----------------------------|
| Yearbook            | \$ 2,587                         | \$ 2,121          | \$ 3,785            | \$ 923                     |
| Mfg. Enterprise     | 124                              | -                 | -                   | 124                        |
| Student senate - MS | 2,222                            | 95                | 157                 | 2,160                      |
| Student senate - HS | 2,482                            | 1,202             | 2,065               | 1,619                      |
| Class of 2018       | 1,331                            | -                 | 1,331               | -                          |
| Class of 2019       | 1,610                            | -                 | 1,610               | -                          |
| Class of 2020       | 9,130                            | 2,516             | 715                 | 10,931                     |
| Class of 2021       | 1,396                            | 17,118            | 2,727               | 15,787                     |
| Class of 2022       | 291                              | 1                 | 22                  | 270                        |
| Class of 2023       | 464                              | 1                 | 22                  | 443                        |
| Class of 2024       | -                                | 7                 | -                   | 7                          |
| Class of 2025       | -                                | 7                 | -                   | 7                          |
| FFA                 | 1,994                            | 4,382             | 1,549               | 4,827                      |
| Instrument repair   | <u>178</u>                       | <u>1</u>          | <u>-</u>            | <u>179</u>                 |
| Totals              | <u>\$ 111,691</u>                | <u>\$ 202,880</u> | <u>\$ 163,960</u>   | <u>\$ 150,611</u>          |

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

|                                    | Modified Accrual Basis |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|------------------------------------|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                    | 2020                   | 2019               | 2018               | 2017               | 2016               | 2015               | 2014               | 2013               | 2012               | 2011               |
| <b>Revenues</b>                    |                        |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Local sources                      |                        |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Local tax                          | \$2,520,411            | \$2,445,333        | \$2,392,410        | \$2,292,378        | \$1,746,418        | \$1,615,947        | \$1,441,952        | \$1,841,031        | \$2,222,483        | \$2,293,510        |
| Tuition                            | 615,167                | 583,114            | 538,160            | 528,356            | 469,444            | 403,462            | 330,235            | 420,570            | 184,590            | 285,147            |
| Other                              | 390,431                | 465,018            | 320,695            | 391,582            | 291,860            | 254,517            | 246,897            | 217,782            | 169,937            | 170,552            |
| State sources                      | 2,997,190              | 3,039,550          | 2,740,246          | 2,625,225          | 2,652,089          | 2,507,496          | 2,505,549          | 2,095,795          | 2,102,138          | 2,283,639          |
| Federal sources                    | 98,649                 | 108,372            | 93,388             | 128,290            | 88,900             | 81,442             | 82,722             | 139,752            | 187,134            | 250,962            |
| <b>Total revenues</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>\$4,866,282</b> | <b>\$5,283,810</b> |
| <b>Expenditures</b>                |                        |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Current                            |                        |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Instruction                        |                        |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Regular                            | \$2,197,700            | \$2,223,980        | \$2,087,090        | \$2,138,789        | \$2,016,242        | \$1,973,049        | \$2,063,406        | \$2,050,258        | \$2,034,475        | \$1,855,985        |
| Special                            | 546,304                | 572,475            | 473,977            | 519,098            | 406,920            | 426,288            | 490,347            | 507,369            | 376,048            | 307,526            |
| Other                              | 544,387                | 607,259            | 666,866            | 534,380            | 471,764            | 436,067            | 417,308            | 391,423            | 375,020            | 417,725            |
| Support services                   |                        |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Student                            | 169,623                | 159,401            | 147,585            | 142,273            | 138,714            | 144,907            | 135,274            | 148,088            | 137,542            | 119,006            |
| Instructional staff                | 173,464                | 189,972            | 188,798            | 167,015            | 150,720            | 124,252            | 195,333            | 97,858             | 94,894             | 77,947             |
| Administration                     | 708,880                | 690,454            | 673,441            | 646,408            | 780,873            | 547,316            | 622,837            | 686,507            | 647,203            | 555,462            |
| Operation and maintenance of plant | 505,355                | 595,068            | 582,138            | 498,246            | 394,878            | 345,552            | 399,220            | 425,248            | 414,565            | 394,143            |
| Transportation                     | 180,003                | 196,311            | 153,405            | 165,081            | 208,964            | 152,371            | 247,533            | 181,760            | 220,395            | 111,520            |
| Other expenditures                 |                        |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Facilities acquisition             | 194,732                | 149,877            | 1,140,119          | 3,978,041          | 267,813            | 18,745             | 30,052             | 68,943             | 89,259             | 1,698,201          |
| Long-term debt                     |                        |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Principal                          | 630,000                | 435,000            | 425,000            | 440,000            | 3,222,936          | 125,000            | 120,000            | 235,000            | 225,000            | 220,000            |
| Interest and other charges         | 170,208                | 152,481            | 161,930            | 247,822            | 104,552            | 143,057            | 147,957            | 156,468            | 165,119            | 173,429            |
| AEA flowthrough                    | 166,477                | 166,354            | 162,657            | 157,192            | 160,905            | 160,956            | 159,107            | 154,723            | 156,677            | 176,060            |
| <b>Total expenditures</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> | <b>\$4,936,197</b> | <b>\$6,107,004</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 U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Springville Community School District as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated February 2, 2021.

### 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 to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, I identified a deficiency in internal control I consider to be a material weakness.

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

the deficiency described in Part I of the accompanying Schedule of Findings as item A to be a material weakness.

#### 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

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

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

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

#### Purpose of this Report

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

I would like to acknowledge the many courtesies and assistance extended to me by personnel of 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*

Kay L. Chapman, CPA PC  
February 2, 2021

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

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

INSTANCES OF NON-COMPLIANCE

No matters were 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 that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the District to obtain the maximum internal control possible under the circumstances.

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

Conclusion - Response accepted.

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

**Part II. Other Findings Related to Required Statutory Reporting:**

1. Certified Budget - Expenditures for the year ended June 30, 2020 did not exceed the amounts budgeted.
2. Questionable Expenditures - No expenditures I believe may not meet the requirements of public purpose as defined in an Attorney General's opinions dated April 25, 1979 were noted.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions - No business transactions between the District and District officials or employees were noted.
5. Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
6. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
7. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.
8. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
9. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
10. Deposits and Investments - I noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
11. Certified Annual Reports - The Certified Annual Report was certified timely to the Iowa Department of Education.
12. Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.



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

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, 2020, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

|  |              |                          |
|--|--------------|--------------------------|
| Beginning balance                        |              | \$ 637,465               |
| Revenues                                 |              |                          |
| Statewide sales and services tax revenue | \$ 396,467   |                          |
| Interest earned                          | <u>3,813</u> | 400,280                  |
| Expenditures/transfers out               |              |                          |
| Debt service for school infrastructure   |              |                          |
| Revenue debt                             |              | <u>448,503</u>           |
| Ending balance                           |              | <u><u>\$ 589,242</u></u> |

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

14. Deficit Net Position - The District had the following negative fund balances at June 30, 2020:

|   |           |
|---|-----------|
| • School Nutrition Fund, unrestricted net position    | \$ 83,246 |
| • School Nutrition Fund, total net position           | \$ 67,690 |
| • Preschool Fund, unrestricted net position           | \$ 40,155 |
| • Preschool Fund, total net position                  | \$ 40,155 |
| • Enterprise Funds, unrestricted net position         | \$123,401 |
| • Enterprise Funds, total net position                | \$107,845 |
| • Business type activities, unrestricted net position | \$123,401 |
| • Business type activities, total net position        | \$107,845 |
| • Governmental activities, unrestricted net position  | \$449,852 |

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



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

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, 2020

This audit was performed by

Kay Chapman, CPA  
Terri Slater, staff accountant