

SPRINGVILLE COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2021

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Table of Contents
June 30, 2021

		<u>Page</u>
Officials		1
Independent Auditor's Report		2-4
Management's Discussion and Analysis		5-13
Basic Financial Statements	<u>Exhibit</u>	
Government-wide Financial Statements		
Statement of Net Position	A	15-16
Statement of Activities	B	17-18
Governmental Fund Financial Statements		
Balance Sheet	C	19
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D	20
Statement of Revenues, Expenditures and Changes in Fund Balances	E	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	22
Proprietary Fund Financial Statements		
Statement of Net Position	G	23
Statement of Revenues, Expenses and Changes in Net Position	H	24
Statement of Cash Flows	I	25
Notes to Financial Statements		26-44
Required Supplementary Information		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds		46
Notes to Required Supplementary Information - Budgetary Reporting		47
Schedule of the District's Proportionate Share of the Net Pension Liability		48
Schedule of District Contributions		49
Notes to Required Supplementary Information - Pension Liability		50
Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes		51

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Table of Contents
June 30, 2021

Supplementary Information	<u>Schedule</u>	<u>Page</u>
Nonmajor Governmental Funds		
Combining Balance Sheet	1	53
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	54
Nonmajor Enterprise Funds		
Combining Statement of Net Position	3	55
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	4	56
Combining Statement of Cash Flows	5	57
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	6	58-59
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	7	60
 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 <u>Government Auditing Standards</u>		61-62
 Schedule of Findings		63-66
 Audit Staff		67

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Officials
June 30, 2021

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Kate O'Brien-May	Board President	2025
Albert Martin	Vice President	2023
Leisa Breitsfelder	Board Member	2025
Amy Hosek	Board Member	2023
Patrick Hoyt	Board Member	2023
School Officials		
Pat Hocking	Superintendent	2021
Stacey Matus	District Treasurer/Business Manager	Indefinite
Ahlers & Cooney P.C.	Attorney	Indefinite

Kay L. Chapman, CPA PC

116 Harrison Street
Muscatine, Iowa 52761
563-264-1385
kchapman@cpakay.com

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, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 16 to the financial statements, Springville Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. My opinions are not modified with respect to this matter.

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, 2020 (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 March 21, 2022 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
March 21, 2022

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, 2021. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities, during fiscal year 2021. Implementation of GASB Statement No. 84 did not result in any restatement to previously issued financial statements or beginning balances.
- General Fund revenues increased from \$5,277,599 in fiscal 2020 to \$5,437,952 in fiscal 2021, and General Fund expenditures increased from \$4,804,559 in fiscal 2020 to \$5,231,826 in fiscal 2021. The District's General Fund balance increased from \$1,581,067 in fiscal 2020 to \$1,770,791 in fiscal 2021, an increase of 12%.
- The increase in General Fund revenue was due to an increase in State Foundation Aid as a result of an increase in certified enrollment from the previous school year of 2.3 students. Federal sources through the CARES Relief Act Funds also contributed to the increased General Fund revenue. State supplemental aid was set at 2.3%, generating \$49,140 in new money FY21.
- General Fund expenditures increased \$427,267 from fiscal 2020. The increase was attributed to increased salaries and benefits, increased tuition costs, and instructional supplies.
- The District's General Fund ending balance increased by \$189,724; an increase from what was reported in the June 30, 2020 MD&A. The General Fund balance on June 30, 2021 was \$1,770,791 or approximately 34% of the total General Fund expenses.
- The District's unspent authorized budget increased by \$147,297 from \$2,087,549 (FY20) to \$2,234,846 (FY21).
- The District's General Fund solvency ratio (Unassigned fund balance + Assigned fund balance/General Fund revenues minus AEA Flow-through) on June 30, 2020 was 25.80%. The District's General Fund solvency ratio on June 30, 2021 was 28.80%, increasing 3%.
- The State of Iowa approved an increase in Supplemental State Aid of 2.3% for the 2020-21 school year. This followed the 2.06% Supplemental State Aid growth in 2019-20.
- The District also experienced increased costs in expenditures such as technology devices, online learning platform services, cleaning supplies and equipment, and increased FTE in response to the COVID-19 pandemic.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the

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

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

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the nonmajor governmental and nonmajor enterprise funds.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

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

The District has two kinds of funds:

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

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

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

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District’s Enterprise Funds, one type of proprietary fund, are the same as its business type activities but provides more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and Preschool Fund and one internal service fund 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, 2021 compared to June 30, 2020.

Figure A-1
Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2021	2020	2021	2020	2021	2020	2020-2021
Current and other assets	\$ 6,833,860	\$6,092,642	\$ 43,716	\$ 12,596	\$6,877,576	\$6,105,238	12.65%
Capital assets	<u>10,109,668</u>	<u>9,450,414</u>	<u>9,907</u>	<u>15,556</u>	<u>10,119,575</u>	<u>9,465,970</u>	6.90%
Total assets	<u>16,943,528</u>	<u>15,543,056</u>	<u>53,623</u>	<u>28,152</u>	<u>16,997,151</u>	<u>15,571,208</u>	9.16%

Deferred outflows of resources	<u>529,424</u>	<u>518,330</u>	<u>26,777</u>	<u>18,925</u>	<u>556,201</u>	<u>537,255</u>	3.53%
Long-term liabilities	7,851,830	7,918,364	68,610	55,201	7,920,440	7,973,565	-0.67%
Other liabilities	<u>879,027</u>	<u>724,033</u>	<u>40,618</u>	<u>58,177</u>	<u>919,645</u>	<u>782,210</u>	17.57%
Total liabilities	<u>8,730,857</u>	<u>8,642,397</u>	<u>109,228</u>	<u>113,378</u>	<u>8,840,085</u>	<u>8,755,775</u>	0.96%
Deferred inflows of resources	<u>2,468,797</u>	<u>2,641,380</u>	<u>49,475</u>	<u>41,544</u>	<u>2,518,272</u>	<u>2,682,924</u>	-6.14%
Net position							
Net investment in							
capital assets	4,954,668	3,835,414	9,907	15,556	4,964,575	3,850,970	28.92%
Restricted	1,839,874	1,392,047	-	-	1,839,874	1,392,047	32.17%
Unrestricted	<u>(521,244)</u>	<u>(449,852)</u>	<u>(88,210)</u>	<u>(123,401)</u>	<u>(609,454)</u>	<u>(573,253)</u>	-6.32%
Total net position	<u>\$ 6,273,298</u>	<u>\$4,777,609</u>	<u>\$ (78,303)</u>	<u>\$(107,845)</u>	<u>\$6,194,995</u>	<u>\$4,669,764</u>	32.66%

The District's total net position increased by 33%, or \$1,525,231 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 \$447,827, or 32% 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 – decreased \$36,201, or 6%. This decrease is mostly due to the change in the District's proportionate share of the IPERS pension liability & OPEB related deferred outflows of resources and deferred inflow of resources in the District financial statements as compared to fiscal 2020.

Figure A-2 shows the changes in net position for the year ended June 30, 2021 compared to the year ended June 30, 2020.

Figure A-2
Change in Net Position

Revenues	Governmental Activities		Business Type Activities		Total District		Total Change
	2021	2020	2021	2020	2021	2020	2020-2021
Program revenues							
Charges for service and sales	\$ 941,808	\$ 968,408	\$ 84,783	\$ 127,361	\$ 1,026,591	\$ 1,095,769	-6.31%
Operating grants	942,883	787,388	235,660	74,937	1,178,543	862,325	36.67%
General revenues							
Property tax	2,451,999	2,540,077	-	-	2,451,999	2,540,077	-3.47%
Statewide sales, services and use tax	384,107	396,467	-	-	384,107	396,467	-3.12%

Unrestricted state grants	1,960,222	1,898,459	-	-	1,960,222	1,898,459	3.25%
Contributions and donations	-	500	-	-	-	500	-100.00%
Unrestricted investment earnings	9,085	10,888	21	89	9,106	10,977	-17.04%
Other	<u>52,509</u>	<u>25,966</u>	<u>-</u>	<u>-</u>	<u>52,509</u>	<u>25,966</u>	102.22%
Total revenues	<u>6,742,613</u>	<u>6,628,153</u>	<u>320,464</u>	<u>202,387</u>	<u>7,063,077</u>	<u>6,830,540</u>	3.40%
Program expenses							
Governmental activities							
Instruction	3,677,368	3,203,331	-	-	3,677,368	3,203,331	14.80%
Support services	1,947,668	1,764,266	-	-	1,947,668	1,764,266	10.40%
Non-instructional programs	-	-	316,647	291,322	316,647	291,322	8.69%
Other expenses	<u>543,793</u>	<u>544,002</u>	<u>-</u>	<u>-</u>	<u>543,793</u>	<u>544,002</u>	-0.04%
Total expenses	<u>6,168,829</u>	<u>5,511,599</u>	<u>316,647</u>	<u>291,322</u>	<u>6,485,476</u>	<u>5,802,921</u>	11.76%
Change in net position before transfers	573,784	1,116,554	3,817	(88,935)	577,601	1,027,619	-43.79%
Transfers	(16,402)	(11)	16,402	11	-	-	0.00%
Special item-compensation for loss of capital assets	<u>938,307</u>	<u>-</u>	<u>9,323</u>	<u>-</u>	<u>947,630</u>	<u>-</u>	100.00%
Change in net position	1,495,689	1,116,543	29,542	(88,924)	1,525,231	1,027,619	48.42%
Net position beginning 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%
Net position end of year	<u>\$ 6,273,298</u>	<u>\$ 4,777,609</u>	<u>\$ (78,303)</u>	<u>\$ (107,845)</u>	<u>\$ 6,194,995</u>	<u>\$ 4,669,764</u>	32.66%

In fiscal year 2021, property tax and unrestricted state grants accounted for approximately 65% of governmental activities revenue while charges for service and sales and operating grants accounted for almost 100% of business type activities revenues. The District's total revenues were \$7,063,077 of which \$6,742,613 was for governmental activities and \$320,464 was for business type activities.

As shown in Figure A-2, the District as a whole experienced a 3% increase in revenues and a 12% increase in expenses. The increases in revenue are largely due to Federal sources, state grants, state and federal meal reimbursements, and 3 year old preschool tuition. The increase in expenses is attributed to salaries and benefits, tuition, and technology.

Governmental Activities

Revenues for governmental activities were \$6,742,613 and expenses were \$6,168,829 for the year ended June 30, 2021.

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, 2021 compared to those expenses for the year ended June 30, 2020.

Figure A-3

Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2021	2020	Change 2020-2021	2021	2020	Change 2020-2021
Instruction	\$ 3,677,368	\$ 3,203,331	14.8%	\$ 2,039,314	\$ 1,618,695	26.0%
Support services	1,947,668	1,764,266	10.4%	1,871,584	1,759,583	6.4%
Other expenses	<u>543,793</u>	<u>544,002</u>	0.0%	<u>373,240</u>	<u>377,525</u>	-1.1%
Total expenses	<u>\$ 6,168,829</u>	<u>\$ 5,511,599</u>	11.9%	<u>\$ 4,284,138</u>	<u>\$ 3,755,803</u>	14.1%

For the year ended June 30, 2021:

- The cost financed by users of the District’s programs was \$941,808.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$942,883.
- The net cost of governmental activities was financed with \$2,836,106 of property and other taxes and \$1,960,222 of unrestricted state grants.

Business Type Activities

Revenues for business type activities for the year ended June 30, 2021 were \$320,464 representing a 58% increase over the prior year, while expenses totaled \$316,647, a 9% increase over the prior year. The District’s business type activities include the School Nutrition Fund and Preschool Fund for 3 year olds. Revenues of these activities were comprised of charges for services, tuition, federal and state reimbursements, and investment income. The increase in revenue in the Preschool Fund is due to increased tuition for the 3yr old PK program. The increase in revenue in the Nutrition Fund is due to SFSP Federal reimbursement rate increases for meals served to students.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$3,379,003, above last year’s ending fund balances of \$2,725,429. The primary reason for the increase of \$653,574 in combined fund balances in fiscal 2021 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 \$5,487,952 outpacing total expenditures \$5,231,826, ensuring an increase in fund balance at year end. The District ended FY21 with an unspent authorized budget of \$2,234,846 and an ending cash balance of \$2,381,465. The District was unable to levy for cash in FY21 and anticipates this in FY22 also.

- The General Fund balance increased from \$1,581,067 in 2020 to \$1,770,791 in 2021. The \$206,126 increase was partially due to State and Federal sources.

- The Statewide Sales, Services and Use Tax Fund balance increased from \$589,242 in 2020 to \$734,874 in 2021, an increase of \$145, 632, due to revenues exceeding expenditures.
- The Physical Plant and Equipment Levy Fund balance increased from \$193,627 in 2020 to \$373,582 in 2021, and increase of \$179,955, due to revenues exceeding expenditures.
- The Debt Service Fund balance increased from \$31,631 in 2020 to \$99,690 in 2021 due to an Advanced Surplus Levy of \$65,000.

Proprietary Fund Highlights

Enterprise Fund net position increased from \$(107,845) at June 30, 2020 to \$(78,303) at June 30, 2021, an increase of 27%. The increased net position is due largely to the increase in State and Federal resources.

BUDGETARY HIGHLIGHTS

The District did not amend its budget during the year ended June 30, 2021.

The District's total revenues were \$114,659 more than total budgeted revenues, a variance of approximately 1%. The most significant variance resulted from the District receiving increased revenue from State and Federal sources in the nutrition fund.

Total expenditures were \$425,721 less than budgeted. It is the District's practice to budget expenditures at near the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should generally exceed actual expenditures for the year.

In spite of the District's budgetary practice, expenditures in the other expenditures function exceeded the amount budgeted due to various building and site repairs needed as a result of the Derecho.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had invested \$10,119,575, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-4) This represents a net increase of 7% over last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$265,634.

The original cost of the District's capital assets was \$15,992,617. Governmental funds account for \$15,877,138, with the remainder of \$115,479 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change was in the furniture and equipment category, which decreased from \$235,104 at June 30, 2020 to \$212,203 at June 30, 2021 due to the annual depreciation expense.

Figure A-4

	Capital Assets, Net of Depreciation						
	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2020-2021</u>
Land	\$ 453,369	\$ 453,369	\$ -	\$ -	\$ 453,369	\$ 453,369	0.00%
Buildings and improvements	9,253,820	8,575,595	-	-	9,253,820	8,575,595	7.91%
Site improvements	200,183	201,902	-	-	200,183	201,902	-0.85%
Furniture and equipment	<u>202,296</u>	<u>219,548</u>	<u>9,907</u>	<u>15,556</u>	<u>212,203</u>	<u>235,104</u>	-9.74%
Totals	<u>\$ 10,109,668</u>	<u>\$ 9,450,414</u>	<u>\$ 9,907</u>	<u>\$ 15,556</u>	<u>\$ 10,119,575</u>	<u>\$ 9,465,970</u>	6.90%

Long-Term Debt

At June 30, 2021, the District had \$7,920,440 in general obligation and other long-term debt outstanding. This represents a decrease of less than 1% 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% 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 \$5.7 million.

Figure A-5
Outstanding Long-term Obligations

	Total		Total
	School District		Change
	June 30,		June 30,
	<u>2021</u>	<u>2020</u>	<u>2020-2021</u>
Governmental activities			
General obligation bonds	\$ 3,420,000	\$ 3,690,000	-7.32%
Revenue bonds	1,735,000	1,925,000	-9.87%
Termination benefits	-	6,306	-100.00%
Net pension liability	2,099,069	1,780,924	17.86%
Total OPEB liability	<u>597,761</u>	<u>516,134</u>	15.82%
	7,851,830	7,918,364	-0.84%
Business type activities			
Net pension liability	<u>68,610</u>	<u>55,201</u>	24.29%
Total	<u>\$ 7,920,440</u>	<u>\$ 7,973,565</u>	-0.67%

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, 2021 was 401.3 students which was down 2.87 students from October 1, 2019 certified enrollment of 404. The District is hopeful that the enrollment will grow or remain stable, which is critical in maintaining a sound financial position.
- Two of the greatest economic factors affecting financial health for the District is the level of State Supplemental Aid set by the State and fluctuations of the District enrollment. The annual cost for salaries, benefits, and operational costs will be above the FY23 new money received from the State.
- The District anticipates expenditure increases due to increasing inflation and the rising costs of fuel for transportation and natural gas for heat.
- The District continues to take advantage of sharing positions in an effort to reduce costs and increase revenue through the operational sharing funding program. The District is sharing the following positions: Superintendent; School Business Official; Human Resource Manager; Director of Buildings and Grounds; Transportation Director; Curriculum Director; and Foodservice Director.
- The District received \$162,893 in ESSER funds in FY21 and used these resources for the following purposes: Technology devices; PPE equipment and supplies; Cleaning supplies; Software for virtual learning; CDC signage; Remote learning tuition and instructional supplies; Salaries and benefits.
- 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, 2021

Exhibit A

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$4,051,341	\$ 38,774	\$ 4,090,115
Receivables			
Property tax			
Delinquent	15,764	-	15,764
Succeeding year	2,433,816	-	2,433,816
Accounts receivable	430	218	648
Income surtax	40,381	-	40,381
Due from other governments	289,393	415	289,808
Internal balances	2,735	(2,735)	-
Inventories	-	7,044	7,044
Non-depreciable capital assets	453,369	-	453,369
Capital assets, net of accumulated depreciation	9,656,299	9,907	9,666,206
Total assets	16,943,528	53,623	16,997,151
Deferred Outflows of Resources			
Pension related deferred outflows	529,424	26,777	556,201
Liabilities			
Accounts payable	410,887	16,499	427,386
Salaries and benefits payable	418,512	16,151	434,663
Accrued interest payable	6,200	-	6,200
Unearned revenue	-	7,968	7,968
Due to other governments	43,428	-	43,428
Long-term liabilities			
Portion due within one year			
General obligation bonds payable	275,000	-	275,000
Total OPEB liability	19,858	-	19,858
Portion due after one year			
General obligation bonds payable	3,145,000	-	3,145,000
Revenue bonds payable	1,735,000	-	1,735,000
Net pension liability	2,099,069	68,610	2,167,679
Total OPEB liability	577,903	-	577,903
Total liabilities	8,730,857	109,228	8,840,085

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

Exhibit A

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	\$2,433,816	\$ -	\$ 2,433,816
Pension related deferred inflows	25,996	49,475	75,471
Other	<u>8,985</u>	<u>-</u>	<u>8,985</u>
Total deferred inflows of resources	<u>2,468,797</u>	<u>49,475</u>	<u>2,518,272</u>
Net investment in capital assets	4,954,668	9,907	4,964,575
Restricted for			
Categorical funding	237,862	-	237,862
Management levy purposes	245,554	-	245,554
Physical plant and equipment	373,582	-	373,582
Student activities	154,512	-	154,512
School infrastructure	734,874	-	734,874
Debt service	93,490	-	93,490
Unrestricted	<u>(521,244)</u>	<u>(88,210)</u>	<u>(609,454)</u>
Total net position	<u>\$6,273,298</u>	<u>\$ (78,303)</u>	<u>\$ 6,194,995</u>

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2021

Exhibit B

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Governmental activities							
Instruction							
Regular instruction	\$ 2,513,574	\$ 608,642	\$ 736,092	\$ -	\$ (1,168,840)	\$ -	\$ (1,168,840)
Special instruction	520,688	91,300	17,370	-	(412,018)	-	(412,018)
Other instruction	643,106	169,129	15,521	-	(458,456)	-	(458,456)
	<u>3,677,368</u>	<u>869,071</u>	<u>768,983</u>	<u>-</u>	<u>(2,039,314)</u>	<u>-</u>	<u>(2,039,314)</u>
Support services							
Student	186,507	21,772	-	-	(164,735)	-	(164,735)
Instructional staff	233,938	-	-	-	(233,938)	-	(233,938)
Administration	778,221	21,476	-	-	(756,745)	-	(756,745)
Operation and maintenance of plant	561,407	27,032	-	-	(534,375)	-	(534,375)
Transportation	187,595	2,457	3,347	-	(181,791)	-	(181,791)
	<u>1,947,668</u>	<u>72,737</u>	<u>3,347</u>	<u>-</u>	<u>(1,871,584)</u>	<u>-</u>	<u>(1,871,584)</u>
Other expenses							
Facilities acquisition	5,814	-	-	-	(5,814)	-	(5,814)
Long-term debt interest	133,493	-	-	-	(133,493)	-	(133,493)
AEA flowthrough	170,553	-	170,553	-	-	-	-
Depreciation (unallocated) *	233,933	-	-	-	(233,933)	-	(233,933)
	<u>543,793</u>	<u>-</u>	<u>170,553</u>	<u>-</u>	<u>(373,240)</u>	<u>-</u>	<u>(373,240)</u>
Total governmental activities	<u>6,168,829</u>	<u>941,808</u>	<u>942,883</u>	<u>-</u>	<u>(4,284,138)</u>	<u>-</u>	<u>(4,284,138)</u>

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2021

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<u>Functions/Programs (continued)</u>							
Business type activities	\$ 270,187	\$ 29,277	\$ 235,660	\$ -	\$ -	\$ (5,250)	\$ (5,250)
Non-instructional programs	46,460	55,506	-	-	-	9,046	9,046
Food service operations	316,647	84,783	235,660	-	-	3,796	3,796
Preschool program							
Total business type activities	\$ 6,485,476	\$ 1,026,591	\$ 1,178,543	\$ -	\$ (4,284,138)	\$ 3,796	\$ (4,280,342)
Total							
<u>General Revenues</u>							
Property tax levied for							
General purposes					1,768,283	-	1,768,283
Debt service					422,414	-	422,414
Capital outlay					261,302	-	261,302
Statewide sales, services and use tax					384,107	-	384,107
Unrestricted state grants					1,960,222	-	1,960,222
Unrestricted investment earnings					9,085	21	9,106
Other					52,509	-	52,509
Total general revenues					4,857,922	21	4,857,943
Change in net position before transfers and special item					573,784	3,817	577,601
Special item - compensation for loss of capital asset					938,307	9,323	947,630
Transfers in (out)					(16,402)	16,402	-
Change in net position					1,495,689	29,542	1,525,231
Net position beginning of year					4,777,609	(107,845)	4,669,764
Net position end of year					\$ 6,273,298	\$ (78,303)	\$ 6,194,995

* 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, 2021

Exhibit C

	Capital Projects		Debt Service	Nonmajor Governmental Funds	Total	
	General	Statewide Sales, Services and Use Tax				Physical Plant & Equipment Levy
Assets						
Cash, cash equivalents and pooled investments	\$2,381,465	\$ 702,713	\$375,572	\$ 99,653	\$ 393,090	\$3,952,493
Receivables						
Property tax						
Delinquent	9,902	-	1,694	2,787	1,381	15,764
Succeeding year	1,515,532	-	267,379	430,905	220,000	2,433,816
Accounts receivable	90	-	-	-	340	430
Income surtax	40,381	-	-	-	-	40,381
Due from other governments	257,177	32,161	30	-	25	289,393
Due from other funds	-	-	-	-	6,706	6,706
Total assets	\$4,204,547	\$ 734,874	\$644,675	\$ 533,345	\$ 621,542	\$6,738,983
 Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 402,947	\$ -	\$ 3,714	\$ 2,750	\$ 1,476	\$ 410,887
Salaries and benefits payable	418,512	-	-	-	-	418,512
Due to other funds	3,971	-	-	-	-	3,971
Due to other governments	43,428	-	-	-	-	43,428
Total liabilities	868,858	-	3,714	2,750	1,476	876,798
Deferred inflows of resources						
Unavailable revenue						
Succeeding year property tax	1,515,532	-	267,379	430,905	220,000	2,433,816
Income surtax	40,381	-	-	-	-	40,381
Other	8,985	-	-	-	-	8,985
Total deferred inflows of resources	1,564,898	-	267,379	430,905	220,000	2,483,182
Fund balances						
Restricted for						
Categorical funding	237,862	-	-	-	-	237,862
School infrastructure	-	734,874	-	-	-	734,874
Student activities	-	-	-	-	154,512	154,512
Management levy purposes	-	-	-	-	245,554	245,554
Physical plant and equipment	-	-	373,582	-	-	373,582
Debt service	-	-	-	99,690	-	99,690
Unassigned	1,532,929	-	-	-	-	1,532,929
Total fund balances	1,770,791	734,874	373,582	99,690	400,066	3,379,003
Total liabilities, deferred inflows of resources and fund balances	\$4,204,547	\$ 734,874	\$644,675	\$ 533,345	\$ 621,542	\$6,738,983

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 June 30, 2021

Exhibit D

Total fund balances of governmental funds	\$3,379,003
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	10,109,668
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.	40,381
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.	98,848
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.	(6,200)
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	\$529,424
Deferred inflows of resources	<u>(25,996)</u>
	503,428
Long-term liabilities, including bonds payable, termination benefits, 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>(7,851,830)</u>
 Net position of governmental activities	 <u><u>\$6,273,298</u></u>

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

Exhibit E

	Capital Projects			Debt Service	Nonmajor Governmental Funds	Total
	General	Statewide Sales, Services and Use Tax	Physical Plant & Equipment Levy			
Revenues						
Local sources						
Local tax	\$1,709,155	\$ -	\$ 260,078	\$420,435	\$ 212,084	\$2,601,752
Tuition	612,688	-	-	-	-	612,688
Other	205,860	1,113	13,931	-	169,744	390,648
State sources	2,664,352	384,107	1,224	1,979	998	3,052,660
Federal sources	245,897	-	-	-	-	245,897
Total revenues	<u>5,437,952</u>	<u>385,220</u>	<u>275,233</u>	<u>422,414</u>	<u>382,826</u>	<u>6,903,645</u>
Expenditures						
Current						
Instruction						
Regular	2,458,180	-	-	-	15,938	2,474,118
Special	504,995	-	-	-	-	504,995
Other	467,427	-	-	-	162,911	630,338
	<u>3,430,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,849</u>	<u>3,609,451</u>
Support services						
Student	178,263	-	-	-	-	178,263
Instructional staff	178,958	-	48,882	-	-	227,840
Administration	689,359	-	41,372	-	24,418	755,149
Operation and maintenance	457,528	-	6,095	-	94,498	558,121
Transportation	126,563	-	32,247	-	14,857	173,667
	<u>1,630,671</u>	<u>-</u>	<u>128,596</u>	<u>-</u>	<u>133,773</u>	<u>1,893,040</u>
Other expenditures						
Facilities acquisition	-	-	904,989	-	-	904,989
Long-term debt						
Principal	-	-	-	460,000	-	460,000
Interest and fiscal charges	-	-	-	133,943	-	133,943
AEA flowthrough	170,553	-	-	-	-	170,553
	<u>170,553</u>	<u>-</u>	<u>904,989</u>	<u>593,943</u>	<u>-</u>	<u>1,669,485</u>
Total expenditures	<u>5,231,826</u>	<u>-</u>	<u>1,033,585</u>	<u>593,943</u>	<u>312,622</u>	<u>7,171,976</u>
Excess (deficiency) of revenues over (under) expenditures	<u>206,126</u>	<u>385,220</u>	<u>(758,352)</u>	<u>(171,529)</u>	<u>70,204</u>	<u>(268,331)</u>
Other financing sources (uses)						
Compensation for loss of capital assets	-	-	938,307	-	-	938,307
Transfers in	-	-	-	239,588	-	239,588
Transfers (out)	(16,402)	(239,588)	-	-	-	(255,990)
Total other financing sources (uses)	<u>(16,402)</u>	<u>(239,588)</u>	<u>938,307</u>	<u>239,588</u>	<u>-</u>	<u>921,905</u>
Change in fund balances	189,724	145,632	179,955	68,059	70,204	653,574
Fund balance, beginning of year	1,581,067	589,242	193,627	31,631	329,862	2,725,429
Fund balance, end of year	<u>\$1,770,791</u>	<u>\$ 734,874</u>	<u>\$ 373,582</u>	<u>\$ 99,690</u>	<u>\$ 400,066</u>	<u>\$3,379,003</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, 2021

Exhibit F

Change in fund balances - total governmental funds \$ 653,574

**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	\$ 919,240	
Depreciation expense	<u>(259,986)</u>	659,254

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. (161,095)

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. 36,837

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. 460,000

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	6,306	
Pension expense	(320,396)	
Other postemployment benefits	<u>(81,627)</u>	(395,717)

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. 450

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. 242,386

Change in net position of governmental activities \$1,495,689

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2021

Exhibit G

	<u>Nonmajor Enterprise</u>	<u>Governmental Activity Internal Service</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 38,774	\$ 98,848
Accounts receivable	218	-
Due from other governments	415	-
Due from other fund	3,971	-
Inventories	7,044	-
Total current assets	50,422	98,848
Noncurrent assets		
Capital assets, net of accumulated depreciation	9,907	-
Total assets	60,329	98,848
Deferred Outflows of Resources		
Pension related deferred outflows	26,777	-
Liabilities		
Current liabilities		
Accounts payable	16,499	-
Salaries and benefits payable	16,151	-
Due to other fund	6,706	-
Unearned revenue	7,968	-
Total current liabilities	47,324	
Noncurrent liabilities		
Net pension liability	68,610	-
Total liabilities	115,934	-
Deferred Inflows of Resources		
Pension related deferred inflows	49,475	-
Net Position		
Investment in capital assets	9,907	-
Unrestricted	(88,210)	98,848
Total net position	\$ (78,303)	\$ 98,848

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, 2021

Exhibit H

	Nonmajor Enterprise	Governmental Activity <u>Internal Service</u>
Operating revenue		
Local sources		
Charges for service	<u>\$ 84,783</u>	<u>\$57,848</u>
Operating expenses		
Support services		
Administration	<u>-</u>	<u>21,074</u>
Non-instructional programs		
Food service operations	270,187	-
Preschool operations	<u>46,460</u>	<u>-</u>
Total operating expenses	<u>316,647</u>	<u>21,074</u>
Operating income (loss)	<u>(231,864)</u>	<u>36,774</u>
Non-operating revenues		
Interest income	21	63
Compensation for loss of capital assets	9,323	
State sources	1,852	-
Federal sources	<u>233,808</u>	<u>-</u>
Total non-operating revenues	<u>245,004</u>	<u>63</u>
Net income before transfers	13,140	-
Transfers in	<u>16,402</u>	<u>-</u>
Change in net position	29,542	36,837
Net position beginning of year	<u>(107,845)</u>	<u>62,011</u>
Net position end of year	<u>\$(78,303)</u>	<u>\$98,848</u>

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

Exhibit I

	Nonmajor Enterprise	Governmental Activity <u>Internal Service</u>
Cash flows from operating activities		
Cash received from sale of services	\$ 85,968	\$ 57,848
Cash payments to employees for services	(142,382)	(21,074)
Cash payments to suppliers for goods and services	<u>(166,955)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>(223,369)</u>	<u>36,774</u>
Cash flows from non-capital financing activities		
Operating transfers in	16,402	-
State grants received	1,852	-
Federal grants received	<u>217,961</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>236,215</u>	<u>-</u>
Cash flows from capital and related financing activities		
Compensation for loss of capital assets	<u>9,323</u>	<u>-</u>
Cash flows from investing activities		
Interest on investments	<u>21</u>	<u>63</u>
Net increase in cash and cash equivalents	22,190	36,837
Cash and cash equivalents, beginning of year	<u>16,584</u>	<u>62,011</u>
Cash and cash equivalents, end of year	<u>\$ 38,774</u>	<u>\$ 98,848</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$(231,864)	\$ 36,774
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	5,648	-
Commodities used	15,433	-
Change in assets and liabilities:		
Accounts receivable	955	-
Inventories	4,331	-
Due from other fund	(3,971)	-
Deferred outflows of resources	(7,852)	-
Due to other fund	(9,830)	-
Due to other governments	(31,554)	-
Net pension liability	13,409	-
Deferred inflows of resources	7,931	-
Accounts payable	16,499	-
Unearned revenue	230	-
Accrued salaries and benefits	<u>(2,734)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$(223,369)</u>	<u>\$ 36,774</u>

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2021, the District received \$15,433 of federal commodities.

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2020.

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>Estimated 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.

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.

Unassigned - All amounts not included in the preceding classification.

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

Net position restricted through enabling legislation includes \$245,554 for management levy purposes, \$373,582 for physical plant and equipment, \$154,512 for student activities and \$734,874 for school infrastructure.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2021, expenditures in the other expenditures function exceeded the amount budgeted.

F. Estimates

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

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2021 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, 2021 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Special Revenue	Nonmajor Enterprise	
Student Activities	Preschool Program	\$ 6,706
Nonmajor Enterprise	Major Governmental	
School Nutrition	General Fund	<u>3,971</u>
		<u>\$ 10,677</u>

The Preschool Program and Student Activities funds share a bank account. The Preschool Programs Fund had a negative cash balance at June 30, 2021, 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, 2022. The General Fund owes the School Nutrition Fund for meals served at in-service days.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Major Governmental Debt service	Major Capital Projects Statewide sales, services and use tax	\$ 239,588
Nonmajor Enterprise School Nutrition	Major Governmental General	<u>16,402</u>
		<u>\$ 255,990</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 ESSER grant funds expended from the School Nutrition Fund.

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

	<u>Balance, Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, End of Year</u>
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 453,369	\$ -	\$ -	\$ 453,369
Capital assets being depreciated:				
Buildings and improvements	12,249,279	898,028	-	13,147,307
Improvements other than buildings	225,546	2,850	-	228,396
Furniture and equipment	<u>2,029,704</u>	<u>18,362</u>	-	<u>2,048,066</u>
Total capital assets being depreciated	<u>14,504,529</u>	<u>919,240</u>	-	<u>15,423,769</u>
Less accumulated depreciation for:				
Buildings and improvements	3,673,684	219,803	-	3,893,487
Improvements other than buildings	23,644	4,569	-	28,213
Furniture and equipment	<u>1,810,156</u>	<u>35,614</u>	-	<u>1,845,770</u>
Total accumulated depreciation	<u>5,507,484</u>	<u>259,986</u>	-	<u>5,767,470</u>
Total capital assets being depreciated, net	<u>8,997,045</u>	<u>659,254</u>	-	<u>9,656,299</u>
Governmental activities capital assets, net	<u>\$ 9,450,414</u>	<u>\$ 659,254</u>	<u>\$ -</u>	<u>\$ 10,109,668</u>
<u>Business type activities</u>				
Furniture and equipment	\$ 115,479	\$ -	\$ -	\$ 115,479
Less accumulated depreciation	<u>99,924</u>	<u>5,648</u>	-	<u>105,572</u>
Business type activities capital assets, net	<u>\$ 15,556</u>	<u>\$ (5,648)</u>	<u>\$ -</u>	<u>\$ 9,907</u>

Depreciation expense was charged to the following functions:

Governmental activities	
Infrastructure	\$ 5,651
Construction	2,025
Support services	
Administration	1,264
Construction and maintenance of plant	6,339
Depreciation	<u>10,774</u>
	26,053
Unassigned depreciation	<u>233,933</u>
Total governmental activities depreciation expense	<u>\$ 259,986</u>
Business activities	
Focus	<u>\$ 5,648</u>

Note 6. Long-term Liabilities

Change in long-term liabilities for the year ended June 30, 2021 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
Governmental activities					
General obligation bonds	\$ 3,690,000	\$ -	\$ 270,000	\$ 3,420,000	\$ 275,000
Revenue refunding bonds	1,925,000	-	190,000	1,735,000	-
Territorial benefits	6,306	-	6,306	-	-
Net pension liability	1,780,924	318,145	-	2,099,069	-
Total Governmental liability	<u>516,134</u>	<u>81,627</u>	<u>-</u>	<u>597,761</u>	<u>19,858</u>
Total	<u>\$ 7,918,364</u>	<u>\$ 399,772</u>	<u>\$ 466,306</u>	<u>\$ 7,851,830</u>	<u>\$ 294,858</u>
Business activities					
Net pension liability	<u>\$ 55,201</u>	<u>\$ 13,409</u>	<u>\$ -</u>	<u>\$ 68,610</u>	<u>\$ -</u>

Interest incurred and charged to expense on all long-term debt was \$133,493 for the year ended June 30, 2021. During the year ended June 30, 2021, the District made principal payments on total long-term debt of \$460,000.

Refunding Revenue Bonds

Details of the District's June 30, 2021 statewide sales, services and use tax revenue bonded debt are as follows:

Year Ending June 30,	Bond Issue of September 2015			
	Interest Rates	Interest	Principal	Total
2022	2.55%	\$ -	\$ -	\$ -
2023	2.55%	41,692	200,000	241,692
2024	2.55%	36,529	205,000	241,529
2025	2.55%	31,237	210,000	241,237
2026	2.55%	25,819	215,000	240,819
2027-2030	2.55%	<u>46,856</u>	<u>905,000</u>	<u>951,856</u>
Totals		<u>\$ 182,133</u>	<u>\$ 1,735,000</u>	<u>\$ 1,917,133</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,820,000 of bonds issued in September 2015. The bonds were issued to refund the bond issue from June 2009. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 60% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$1,917,133. For the current year, \$190,000 of principal and \$49,087 of interest was paid on the bonds and statewide sales, services and use tax revenues were \$384,107.

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, 2021 general obligation indebtedness are as follows:

Year Ending June 30,	Bond Issue of July 2016			
	Interest Rates	Interest	Principal	Total
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	2.00%	51,505	300,000	351,505
2027-2031	2.0-2.2%	185,940	975,000	1,160,940
2032-2036	2.3-2.7%	<u>79,610</u>	<u>1,000,000</u>	<u>1,079,610</u>
Totals		<u>\$ 580,975</u>	<u>\$ 3,420,000</u>	<u>\$ 4,000,975</u>

Note 7. Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions

through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

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

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

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

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

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and

methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, 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, 2021 totaled \$242,386.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the District reported a liability of \$2,167,679 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, the District's proportion was 0.031075%, which was a decrease of 0.000422 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$78,010. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,395	\$ 51,380
Changes of assumptions	111,266	-
Net difference between projected and actual earnings on IPERS' investments	121,859	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	78,295	24,091
District contributions subsequent to the measurement date	<u>242,386</u>	<u>-</u>
Total	<u>\$ 556,201</u>	<u>\$ 75,471</u>

\$242,386 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2022	\$ 47,536
2023	62,636
2024	56,580
2025	74,549
2026	<u>(2,957)</u>
Total	<u>\$ 238,344</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

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

The actuarial assumptions used in the June 30, 2020 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 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	<u>100.0%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$3,614,422	\$2,167,679	\$954,607

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

Payables to IPERS - At June 30, 2021, 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, 2021, 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 \$597,761 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2021)	2.5% per annum.
Rates of salary increase (effective June 30, 2021)	2.5% per annum.
Discount rate (effective June 30, 2021)	1.92% per annum.
Healthcare cost trend rate (effective June 30, 2021)	6.4% initial rate FY20 decreasing annually to an ultimate rate of 4.0% in FY76

Discount Rate - The discount rate used to measure the total OPEB liability was 1.92% 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.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	<u>\$ 516,134</u>
Changes for the year:	
Service cost	54,795
Interest	13,745
Differences between expected and actual experiences	-
Changes in assumptions	32,945
Benefit payments	<u>(19,858)</u>
Net changes	<u>81,627</u>
Total OPEB liability end of year	<u>\$ 597,761</u>

Changes of assumptions reflect a change in the discount rate from 2.45% in fiscal year 2020 to 1.92% in fiscal year 2021.

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 (0.92%) or 1% higher (2.92%) than the current discount rate.

	<u>1% Decrease (0.92%)</u>	<u>Discount Rate (1.92%)</u>	<u>1% Increase (2.92%)</u>
Total OPEB liability	\$664,326	\$597,761	\$536,952

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

	<u>1% Decrease (5.4%)</u>	<u>Healthcare Cost Trend Rate (6.4%)</u>	<u>1% Increase (7.4%)</u>
Total OPEB liability	\$495,614	\$597,761	\$726,735

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2021, the District recognized OPEB expense of \$81,627. At June 30, 2021, 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 \$170,553 for the year ended June 30, 2021 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to non-compliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2021, 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, 2021.

<u>Program</u>	<u>Amount</u>
Home school assistance program	\$ 28,456
Returning dropout and dropout prevention program	51,228
Teacher leadership	47,849
Statewide voluntary preschool	61,859
Early literacy	27,607
Educator quality, professional development	<u>20,863</u>
	<u>\$ 237,862</u>

Note 13. Deficit Net Position

The District had the following deficit net position balances at June 30, 2021.

• School Nutrition Fund, unrestricted net position	\$ 57,101
• School Nutrition Fund, total net position	\$ 47,194
• Preschool Fund, unrestricted net position	\$ 31,109
• Preschool Fund, total net position	\$ 31,109
• Enterprise Funds, unrestricted net position	\$ 88,210
• Enterprise Funds, total net position	\$ 78,303
• Business type activities, unrestricted net position	\$ 88,210
• Business type activities, total net position	\$ 78,303
• Governmental activities, unrestricted net position	\$521,244

Note 14. Tax Abatements

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

Tax Abatements of Other Entities

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

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2021 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Marion	Urban Renewal	\$ 288

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2021, this reimbursement amounted to \$155.

Note 15. COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of Springville Community School District, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Springville Community School District. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to Springville Community School District.

Note 16. Accounting Change/Restatement

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity. Implementation of GASB Statement No. 84 did not result in any restatement to previously issued financial statements or beginning balances.

Note 17. Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement will require reporting of certain potentially significant lease liabilities that are not currently reported.

Note 18. Subsequent Events

The District has evaluated subsequent events through March 21, 2022 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, 2021

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds	Funds	Actual	Original	Final	
Revenues						
Local sources	\$ 3,605,088	\$ 84,804	\$ 3,689,892	\$ 3,783,765	\$ 3,783,765	\$ (93,873)
State sources	3,052,660	1,852	3,054,512	3,125,685	3,125,685	(71,173)
Federal sources	245,897	233,808	479,705	200,000	200,000	279,705
Total revenues	<u>6,903,645</u>	<u>320,464</u>	<u>7,224,109</u>	<u>7,109,450</u>	<u>7,109,450</u>	<u>114,659</u>
Expenditures/Expenses						
Instruction	3,609,451	-	3,609,451	3,937,000	3,937,000	327,549
Support services	1,893,040	-	1,893,040	2,068,000	2,068,000	174,960
Non-instructional programs	-	316,647	316,647	320,000	320,000	3,353
Other expenditures	1,669,485	-	1,669,485	1,589,344	1,589,344	(80,141)
Total expenditures/expenses	<u>7,171,976</u>	<u>316,647</u>	<u>7,488,623</u>	<u>7,914,344</u>	<u>7,914,344</u>	<u>425,721</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(268,331)	3,817	(264,514)	(804,894)	(804,894)	540,380
Net other financing sources	<u>921,905</u>	<u>25,725</u>	<u>947,630</u>	-	-	<u>947,630</u>
Change in fund balance	653,574	29,542	683,116	(804,894)	(804,894)	1,488,010
Balance, beginning of year	2,725,429	(107,845)	2,617,584	2,036,734	2,036,734	580,850
Balance, end of year	<u>\$ 3,379,003</u>	<u>\$ (78,303)</u>	<u>\$ 3,300,700</u>	<u>\$ 1,231,840</u>	<u>\$ 1,231,840</u>	<u>\$ 2,068,860</u>

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2021

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. The District did not amend its budget during the year ended June 30, 2021.

During the year ended June 30, 2021, expenditures in the other expenditures function exceeded the amount budgeted.

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

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.031075%	0.031497%	0.029710%	0.029307%	0.029018%	0.030125%	0.033534%
District's proportionate share of the net pension liability	\$ 2,167,679	\$ 1,836,125	\$ 1,879,508	\$ 1,934,739	\$ 1,809,614	\$ 1,497,628	\$1,357,157
District's covered payroll	\$ 2,452,682	\$ 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	88.38%	75.93%	84.17%	88.85%	87.08%	71.91%	60.61%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 242,386	\$ 231,533	\$ 228,284	\$ 199,407	\$ 194,453	\$ 185,579	\$ 185,979	\$ 199,965	\$ 192,514	\$ 168,343
Contributions in relation to the statutorily required contribution	<u>(242,386)</u>	<u>(231,533)</u>	<u>(228,284)</u>	<u>(199,407)</u>	<u>(194,453)</u>	<u>(185,579)</u>	<u>(185,979)</u>	<u>(199,965)</u>	<u>(192,514)</u>	<u>(168,343)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$2,566,861	\$2,452,682	\$2,418,258	\$2,233,005	\$2,177,525	\$2,078,153	\$2,082,631	\$2,239,250	\$2,220,461	\$2,086,035
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Pension Liability
For the Year Ended June 30, 2021

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 Four Years
Required Supplementary Information

	2021	2020	2019	2018
Service cost	\$ 54,795	\$ 53,452	\$ 52,148	\$ 87,275
Interest cost	13,745	20,664	17,536	16,575
Difference between expected and actual experiences	-	(144,430)	-	-
Changes in assumptions	32,945	(23,231)	30,262	(1,482)
Benefit payments	(19,858)	(50,520)	-	-
Net change in total OPEB liability	81,627	(144,065)	99,946	102,368
Total OPEB liability beginning of year	516,134	660,199	560,253	457,885
Total OPEB liability end of year	<u>\$ 597,761</u>	<u>\$ 516,134</u>	<u>\$ 660,199</u>	<u>\$ 560,253</u>
Covered-employee payroll	\$ 2,537,588	\$ 2,316,524	\$ 2,053,923	\$ 1,677,184
Total OPEB liability as a percentage of covered-employee payroll	23.56%	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, 2021	1.92%
Year ended June 30, 2020	2.45%
Year ended June 30, 2019	3.13%
Year ended June 30, 2018	3.62%
Year ended June 30, 2017	3.56%

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Supplementary Information

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

Schedule 1

	Special Revenue		
	Student Activity	Management Levy	Total
Assets			
Cash, cash equivalents and pooled investments	\$148,942	\$244,148	\$393,090
Receivables			
Property tax			
Delinquent	-	1,381	1,381
Succeeding year	-	220,000	220,000
Accounts receivable	340	-	340
Due from other governments	-	25	25
Due from other funds	6,706	-	6,706
Total assets	<u>\$155,988</u>	<u>\$465,554</u>	<u>\$621,542</u>
 Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 1,476	\$ -	\$ 1,476
 Deferred inflows of resources			
Unavailable revenue			
Succeeding year property tax	-	220,000	220,000
 Fund balances			
Restricted for			
Student activities	154,512	-	154,512
Management levy purposes	-	245,554	245,554
Total fund balances	154,512	245,554	400,066
Total liabilities, deferred inflows of resources and fund balances	<u>\$155,988</u>	<u>\$465,554</u>	<u>\$621,542</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, 2021

Schedule 2

Revenues	Special Revenue		
	Student Activity	Management Levy	Total
Local sources			
Local taxes	\$ -	\$212,084	\$212,084
Other	166,812	2,932	169,744
State sources	-	998	998
Total revenues	166,812	216,014	382,826
Expenditures			
Current			
Instruction			
Regular	-	15,938	15,938
Other	162,911	-	162,911
Total instruction	162,911	15,938	178,849
Support services			
Administration	-	24,418	24,418
Operation and maintenance of plant	-	94,498	94,498
Transportation	-	14,857	14,857
Total support services	-	133,773	133,773
Total expenditures	162,911	149,711	312,622
Change in fund balances	3,901	66,303	70,204
Fund balances, beginning of year	150,611	179,251	329,862
Fund balances, end of year	\$154,512	\$245,554	\$400,066

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2021

Schedule 3

	<u>School</u>	<u>Preschool</u>	<u>Total</u>
	<u>Nutrition</u>		
Assets			
Current assets			
Cash and cash equivalents	\$ 38,774	\$ -	\$ 38,774
Accounts receivable	218	-	218
Due from other governments	415	-	415
Due from other fund	3,971	-	3,971
Inventories	7,044	-	7,044
Total current assets	<u>50,422</u>	-	<u>50,422</u>
Noncurrent assets			
Capital assets, net of accumulated depreciation	9,907	-	9,907
Total assets	<u>60,329</u>	-	<u>60,329</u>
Deferred Outflows of Resources			
Pension related deferred outflows	<u>18,443</u>	<u>8,334</u>	<u>26,777</u>
Liabilities			
Current liabilities			
Accounts payable	16,499	-	16,499
Salaries and benefits payable	10,507	5,644	16,151
Due to other fund	-	6,706	6,706
Unearned revenue	7,968	-	7,968
Total current liabilities	<u>34,974</u>	<u>12,350</u>	<u>47,324</u>
Noncurrent liabilities			
Net pension liability	60,157	8,453	68,610
Total liabilities	<u>95,131</u>	<u>20,803</u>	<u>115,934</u>
Deferred Inflows of Resources			
Pension related deferred inflows	<u>30,835</u>	<u>18,640</u>	<u>49,475</u>
Net Position			
Investment in capital assets	9,907	-	9,907
Unrestricted	<u>(57,101)</u>	<u>(31,109)</u>	<u>(88,210)</u>
Total net position	<u><u>\$(47,194)</u></u>	<u><u>\$(31,109)</u></u>	<u><u>\$ (78,303)</u></u>

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2021

Schedule 4

	<u>School</u>	<u>Preschool</u>	<u>Total</u>
	<u>Nutrition</u>		
Operating revenue			
Local sources			
Charges for service	\$ 29,277	\$ 55,506	\$ 84,783
Operating expenses			
Non-instructional programs			
Salaries	71,961	30,627	102,588
Benefits	21,295	15,452	36,747
Purchased services	32,307	-	32,307
Supplies	138,950	350	139,300
Miscellaneous	26	31	57
Depreciation	5,648	-	5,648
	<u>270,187</u>	<u>46,460</u>	<u>316,647</u>
Operating income (loss)	<u>(240,910)</u>	<u>9,046</u>	<u>(231,864)</u>
Non-operating revenue			
Interest income	21	-	21
Compensation for loss of capital assets	9,323	-	9,323
State sources	1,852	-	1,852
Federal sources	233,808	-	233,808
Total non-operating revenue	<u>245,004</u>	<u>-</u>	<u>245,004</u>
Net income before transfers	4,094	9,046	13,140
Transfers in	16,402	-	16,402
Change in net position	20,496	9,046	29,542
Net position beginning of year	<u>(67,690)</u>	<u>(40,155)</u>	<u>(107,845)</u>
Net position end of year	<u>\$ (47,194)</u>	<u>\$ (31,109)</u>	<u>\$ (78,303)</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, 2021

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	\$ 30,462	\$ 55,506	\$ 85,968
Cash payments to employees for services	(87,257)	(55,125)	(142,382)
Cash payments to suppliers for goods and services	(166,574)	(381)	(166,955)
Net cash (used in) operating activities	<u>(223,369)</u>	<u>-</u>	<u>(223,369)</u>
Cash flows from non-capital financing activities			
Operating transfers in	16,402	-	16,402
State grants received	1,852	-	1,852
Federal grants received	217,961	-	217,961
Net cash provided by non-capital financing activities	<u>236,215</u>	<u>-</u>	<u>236,215</u>
Cash flows from capital and related financing activities			
Compensation for loss of capital assets	<u>9,323</u>	<u>-</u>	<u>9,323</u>
Cash flows from investing activities			
Interest on investments	<u>21</u>	<u>-</u>	<u>21</u>
Net increase in cash and cash equivalents	22,190	-	22,190
Cash and cash equivalents, beginning of year	16,584	-	16,584
Cash and cash equivalents, end of year	<u>\$ 38,774</u>	<u>\$ -</u>	<u>\$ 38,774</u>
Reconciliation of operating income (loss) to net cash (used in) operating activities			
Operating income (loss)	\$(240,910)	\$ 9,046	\$(231,864)
Adjustments to reconcile operating income (loss) to net cash (used in) operating activities			
Depreciation	5,648	-	5,648
Commodities used	15,433	-	15,433
Change in assets and liabilities:			
Accounts receivable	955	-	955
Inventories	4,331	-	4,331
Due from other fund	(3,971)	-	(3,971)
Deferred outflows of resources	(4,436)	(3,416)	(7,852)
Due to other fund	-	(9,830)	(9,830)
Due to other governments	(31,554)	-	(31,554)
Net pension liability	9,058	4,351	13,409
Deferred inflows of resources	4,490	3,441	7,931
Accounts payable	16,499	-	16,499
Unearned revenue	230	-	230
Accrued salaries and benefits	858	(3,592)	(2,734)
Net cash (used in) operating activities	<u>\$(223,369)</u>	<u>\$ -</u>	<u>\$(223,369)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2021, the District received \$15,433 of federal commodities.

Springville Community School District
 Schedule of Changes in Special Revenue Fund, Student Accounts
 For the Year Ended June 30, 2021

Schedule 6

Account	Balance, Beginning of Year	<u>Revenues</u>	<u>Expenditures</u>	Balance, End of Year
Cross country	\$ 939	\$ -	\$ 426	\$ 513
Boys basketball	2,566	4,472	5,609	1,429
Football	2,953	18,089	11,276	9,766
Boys baseball	1,968	6,335	2,479	5,824
Boys track	42	648	689	1
Boys golf	384	300	290	394
Wrestling	109	-	-	109
Girls basketball	5,955	13,665	15,558	4,062
Girls volleyball	5,664	5,486	6,324	4,826
Girls softball	2,851	3,467	5,830	488
Girls track	101	140	239	2
Gate money	7,642	55,195	52,891	9,946
Weight room	197	-	54	143
Cheerleading	3,678	2,750	5,202	1,226
Vocal resale	4,038	15	118	3,935
HS instrumental	-	2,317	2,057	260
HS musical	1,920	1,784	963	2,741
Supply store	411	-	-	411
Pictures	5,372	10,699	2,346	13,725
Jump rope for heart	125	-	-	125
Student senate - elementary	389	2,463	2,660	192
Fine arts	528	1,118	599	1,047
Elementary instrumental resale	2,875	-	-	2,875
Book fair	4,371	-	-	4,371
Book club	-	290	286	4
Drama	979	-	-	979
Art club	4,217	300	-	4,517
Dance	3,360	2,152	5,442	70
TADA	165	-	-	165
Livestream broadcast	-	1,126	1,126	-
MS science club	735	-	-	735
Archery program	48,800	12,872	12,032	49,640

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, 2021

Schedule 6

Account	Balance, Beginning of Year	<u>Revenues</u>	<u>Expenditures</u>	Balance, End of Year
Yearbook	\$ 923	\$ 2,121	\$ 2,099	\$ 945
Mfg. enterprise	124	-	-	124
Student senate - MS	2,160	-	60	2,100
Student senate - HS	1,619	-	71	1,548
Class of 2020	10,931	-	124	10,807
Class of 2021	15,787	3,096	11,253	7,630
Class of 2022	270	11,294	8,522	3,042
Class of 2023	443	300	140	603
Class of 2024	7	-	-	7
Class of 2025	7	-	-	7
FFA	4,827	4,318	6,146	2,999
Instrument repair	179	-	-	179
Totals	<u>\$ 150,611</u>	<u>\$ 166,812</u>	<u>\$ 162,911</u>	<u>\$ 154,512</u>

See accompanying Independent Auditor's Report.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Modified Accrual Basis										
Revenues										
Local sources										
Local tax	\$2,601,752	\$2,520,411	\$2,445,333	\$2,392,410	\$2,292,378	\$1,746,418	\$1,615,947	\$1,441,952	\$1,841,031	\$2,222,483
Tuition	612,688	615,167	583,114	538,160	528,356	469,444	403,462	330,235	420,570	184,590
Other	390,648	390,431	465,018	320,695	391,582	291,860	254,517	246,897	217,782	169,937
State sources	3,052,660	2,997,190	3,039,550	2,740,246	2,625,225	2,652,089	2,507,496	2,505,549	2,095,795	2,102,138
Federal sources	245,897	98,649	108,372	93,388	128,290	88,900	81,442	82,722	139,752	187,134
Total revenues	<u>\$6,903,645</u>	<u>\$6,621,848</u>	<u>\$6,641,387</u>	<u>\$6,084,899</u>	<u>\$5,965,831</u>	<u>\$5,248,711</u>	<u>\$4,862,864</u>	<u>\$4,607,355</u>	<u>\$4,714,930</u>	<u>\$4,866,282</u>
Expenditures										
Current										
Instruction										
Regular	\$2,474,118	\$2,197,700	\$2,223,980	\$2,087,090	\$2,138,789	\$2,016,242	\$1,973,049	\$2,063,406	\$2,050,258	\$2,034,475
Special	504,995	546,304	572,475	473,977	519,098	406,920	426,288	490,347	507,369	376,048
Other	630,338	544,387	607,259	666,866	534,380	471,764	436,067	417,308	391,423	375,020
Support services										
Student	178,263	169,623	159,401	147,585	142,273	138,714	144,907	135,274	148,088	137,542
Instructional staff	227,840	173,464	189,972	188,798	167,015	150,720	124,252	195,333	97,858	94,894
Administration	755,149	708,880	690,454	673,441	646,408	780,873	547,316	622,837	686,507	647,203
Operation and maintenance of plant	558,121	505,355	595,068	582,138	498,246	394,878	345,552	399,220	425,248	414,565
Transportation	173,667	180,003	196,311	153,405	165,081	208,964	152,371	247,533	181,760	220,395
Other expenditures										
Facilities acquisition	904,989	194,732	149,877	1,140,119	3,978,041	267,813	18,745	30,052	68,943	89,259
Long-term debt										
Principal	460,000	630,000	435,000	425,000	440,000	3,222,936	125,000	120,000	235,000	225,000
Interest and other charges	133,943	170,208	152,481	161,930	247,822	104,552	143,057	147,957	156,468	165,119
AEA flowthrough	170,553	166,477	166,354	162,657	157,192	160,905	160,956	159,107	154,723	156,677
Total expenditures	<u>\$7,171,976</u>	<u>\$6,187,133</u>	<u>\$6,138,632</u>	<u>\$6,863,006</u>	<u>\$9,634,345</u>	<u>\$8,325,281</u>	<u>\$4,597,560</u>	<u>\$5,028,374</u>	<u>\$5,103,645</u>	<u>\$4,936,197</u>

Kay L. Chapman, CPA PC

116 Harrison Street
Muscatine, Iowa 52761
563-264-1385
kchapman@cpakay.com

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, 2021, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated March 21, 2022.

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2021 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
March 21, 2022

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2021

Part I. Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROLS DEFICIENCY

A. Segregation of Duties

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

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

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

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

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

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

Conclusion - Response accepted.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2021

Part II. Other Findings Related to Required Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2021 in the other expenditures function exceed the amounts budgeted.

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

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

Conclusion - Response accepted.

2. Questionable Expenditures - No expenditures I believe may not meet the requirements of public purpose as defined in an Attorney General's opinions dated April 25, 1979 were noted.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions - No business transactions between the District and District officials or employees were noted.
5. Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
6. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
7. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.
8. Certified Enrollment - 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.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2021

10. Deposits and Investments - I noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
11. Certified Annual Reports - The Certified Annual Report was certified timely to the Iowa Department of Education.
12. Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
13. Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2021, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 589,242
Revenues		
Statewide sales and services tax revenue	\$ 384,107	
Interest earned	<u>1,113</u>	385,220
Expenditures/transfers out		
Debt service for school infrastructure		
Revenue debt		<u>239,588</u>
Ending balance		<u>\$ 734,874</u>

For the year ended June 30, 2021, 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, 2021:

• School Nutrition Fund, unrestricted net position		\$ 57,101
• School Nutrition Fund, total net position		\$ 47,194
• Preschool Fund, unrestricted net position		\$ 31,109
• Preschool Fund, total net position		\$ 31,109
• Enterprise Funds, unrestricted net position		\$ 88,210
• Enterprise Funds, total net position		\$ 78,303
• Business type activities, unrestricted net position		\$ 88,210

SPRINGVILLE COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2021

- Business type activities, total net position \$ 78,303
- Governmental activities, unrestricted net position \$521,244

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.

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, 2021

This audit was performed by

Kay Chapman, CPA
Terri Slater, staff accountant