

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2020

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RIVER VALLEY COMMUNITY SCHOOL DISTRICT
Officials
June 30, 2020

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Scott Knaack	Board President	2023
Kristi Krager	Board Vice President	2021
Meagan Foresman	Board Member	2021
Bobbi DeWitt	Board Member	2023
Ted Mammen	Board Member	2023
Ken Slater	Superintendent	2021
Tish Evans	District Secretary	2021
Tish Evans	District Treasurer	2021
Ahlers, Cooney, Doweilter PC	Attorney	2021

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
River Valley 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 River Valley Community School District, Correctionville, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 13 and 47 through 52 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

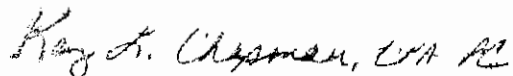
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise River Valley Community School District's basic financial statements. I previously audited in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on the financial statements. The financial statements for the five years ended June 30, 2015 (which are not presented herein) were audited by other auditors, in accordance with the standards referred to in the third paragraph of this report, who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1

through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated February 10, 2021 on my consideration of River Valley 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 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 River Valley Community School District's internal control over financial reporting and compliance.



Kay L. Chapman, CPA PC
February 10, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

River Valley Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$5,629,674 in fiscal year 2019 to \$5,422,422 in fiscal year 2020, and General Fund expenditures increased from \$5,188,269 in fiscal year 2019 to \$5,309,345 in fiscal year 2020. The District's General Fund balance increased from \$1,648,832 in fiscal year 2019 to \$1,761,909 in fiscal year 2020, a 7% increase.

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 River Valley 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 River Valley Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which River Valley Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

In the government-wide financial statements, the District's activities are divided into 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 program is 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 three kinds of funds:

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

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

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

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

The required financial statements for the proprietary fund include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. This fund consists of a Private-Purpose Trust Fund.
 - Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these

activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-1
Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019- 2020
Current and other assets	\$ 7,104,071	\$ 7,226,598	\$ 78,822	\$ 60,632	\$ 7,182,893	\$ 7,287,230	-1.43%
Capital assets	<u>8,486,684</u>	<u>7,493,264</u>	<u>67,865</u>	<u>65,958</u>	<u>8,554,549</u>	<u>7,559,222</u>	13.17%
Total assets	<u>15,590,755</u>	<u>14,719,862</u>	<u>146,687</u>	<u>126,590</u>	<u>15,737,442</u>	<u>14,846,452</u>	6.00%
Deferred outflows of resources	<u>562,514</u>	<u>693,277</u>	<u>6,572</u>	<u>11,128</u>	<u>569,086</u>	<u>704,405</u>	-19.21%
Long-term liabilities	3,849,800	4,211,257	42,481	48,859	3,892,281	4,260,116	-8.63%
Other liabilities	<u>567,729</u>	<u>712,187</u>	<u>11,054</u>	<u>2,387</u>	<u>578,783</u>	<u>714,574</u>	-19.00%
Total liabilities	<u>4,417,529</u>	<u>4,923,444</u>	<u>53,535</u>	<u>51,246</u>	<u>4,471,064</u>	<u>4,974,690</u>	-10.12%
Deferred inflows of resources	<u>3,264,114</u>	<u>3,037,169</u>	<u>14,119</u>	<u>8,915</u>	<u>3,278,233</u>	<u>3,046,084</u>	7.62%
Net position							
Net investment in capital assets	7,031,684	5,813,264	67,865	65,958	7,099,549	5,879,222	20.76%
Restricted	2,088,123	2,245,991	-	-	2,088,123	2,245,991	-7.03%
Unrestricted	<u>(648,181)</u>	<u>(606,729)</u>	<u>17,740</u>	<u>11,599</u>	<u>(630,441)</u>	<u>(595,130)</u>	-8.54%
Total net position	<u>\$ 8,471,626</u>	<u>\$ 7,452,526</u>	<u>\$ 85,605</u>	<u>\$ 77,557</u>	<u>\$ 8,557,231</u>	<u>\$ 7,530,083</u>	13.64%

The District's total net position increased approximately 14%, or \$1,027,148, over the prior year.

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

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$157,868 or 7% from the prior year. The decrease was primarily a result of reduction in fund balance of capital project due to no large projects occurring.

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 \$35,311, or 9%. This decrease is reflected within the District's net pension liability net pension expense recorded in the current year and the decrease in revenue bonds payable and reduced spending.

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

Figure A-2
Change in Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2019-2020</u>
Revenues							
Program revenues							
Charges for service and sales	\$ 530,238	\$ 563,505	\$ 91,846	\$131,780	\$ 622,084	\$ 695,285	-10.53%
Operating grants	918,153	971,665	225,469	168,385	1,143,622	1,140,050	0.31%
General revenues							
Property tax	2,880,578	2,999,150	-	-	2,880,578	2,999,150	-3.95%
Statewide sales, services and use tax	422,575	399,863	-	-	422,575	399,863	5.68%
Unrestricted state grants	1,533,936	1,626,076	-	-	1,533,936	1,626,076	-5.67%
Unrestricted investment earnings	40,080	43,531	788	230	40,868	43,761	-6.61%
Other	<u>95,993</u>	<u>111,796</u>	<u>-</u>	<u>-</u>	<u>95,993</u>	<u>111,796</u>	-14.14%
Total revenues	<u>6,421,553</u>	<u>6,715,586</u>	<u>318,103</u>	<u>300,395</u>	<u>6,739,656</u>	<u>7,015,981</u>	-3.94%
Program expenses							
Governmental activities							
Instruction	3,495,586	3,817,938	-	-	3,495,586	3,817,938	-8.44%
Support services	1,872,415	1,788,922	-	-	1,872,415	1,788,922	4.67%
Non-instructional programs	97	-	310,055	258,869	310,152	258,869	19.81%
Other expenses	<u>472,987</u>	<u>979,256</u>	<u>-</u>	<u>-</u>	<u>472,987</u>	<u>979,256</u>	-51.70%
Total expenses	<u>5,841,085</u>	<u>6,586,116</u>	<u>310,055</u>	<u>258,869</u>	<u>6,151,140</u>	<u>6,844,985</u>	-10.14%
Excess before special items	580,468	129,470	8,048	41,526	588,516	170,996	244.17%
Special item - gain on disposal of capital assets	<u>438,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>438,632</u>	<u>-</u>	100.00%
Change in net position	1,019,100	129,470	8,048	41,526	1,027,148	170,996	500.69%
Net position, beginning of year	<u>7,452,526</u>	<u>7,323,056</u>	<u>77,557</u>	<u>36,031</u>	<u>7,530,083</u>	<u>7,359,087</u>	2.32%
Net position, end of year	<u>\$8,471,626</u>	<u>\$7,452,526</u>	<u>\$ 85,605</u>	<u>\$ 77,557</u>	<u>\$8,557,231</u>	<u>\$7,530,083</u>	13.64%

In fiscal year 2020, property tax and unrestricted state grants accounted for approximately 69% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for almost 100% of business type activities revenues. The District's total revenues were \$6,739,656, of which \$6,421,553 was for governmental activities and \$318,103 was for business type activities.

As shown in figure A-2, the District as a whole experienced a decrease in revenues of 4% and a 10% decrease in expenses. The decrease in revenues was due to primarily the COVID 19 pandemic, interest rates have gone down, and not as many in person events have been held. The District has also been experiencing a declining trend in enrollment. Due to efforts established by the District, staff

remains to be very conservative with expenditures. Students and staff were not in the buildings due to COVID 19 pandemic from March 16 thru August 17, 2020.

Governmental Activities

Revenues for governmental activities were \$6,421,553 and expenses were \$5,841,085 for the year ended June 30, 2020. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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

Figure A-3

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
			Change			Change
	<u>2020</u>	<u>2019</u>	<u>2019-2020</u>	<u>2020</u>	<u>2019</u>	<u>2019-2020</u>
Instruction	\$ 3,495,586	\$ 3,817,938	-8.4%	\$ 2,232,673	\$ 2,475,297	-9.8%
Support services	1,872,415	1,788,922	4.7%	1,872,415	1,782,955	5.0%
Non-instructional programs	97	-	100.0%	97	-	-100.0%
Other expenses	<u>472,987</u>	<u>979,256</u>	-51.7%	<u>287,509</u>	<u>792,694</u>	-63.7%
Total expenses	<u>\$ 5,841,085</u>	<u>\$ 6,586,116</u>	-11.3%	<u>\$ 4,392,694</u>	<u>\$ 5,050,946</u>	-13.0%

For the year ended June 30, 2020:

- The cost financed by users of the District's programs was \$530,238. Most of these revenues are derived from tuition charged to other school districts and from student activities.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$918,153.
- The net cost of governmental activities was financed with \$3,303,153 of property and other taxes and \$1,533,936 of unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2020 were \$318,103, representing a 6% increase over the prior year, while expenses totaled \$310,055, a 20% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income. Our lunch program established the summer food program starting in March and going through July due to COVID 19. The increase in expenditures derived from additional costs related to prepackaged foods, containers, trays, and serving additional meals with COVID 19 summer food program eligibility.

INDIVIDUAL FUND ANALYSIS

As previously noted, River Valley 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 \$3,639,157, slightly above last year's ending fund balances of \$3,472,472. The District has been conservative with expenditures due to declining enrollment trends.

Governmental Fund Highlights

- The General Fund balance increased from \$1,648,832 to \$1,761,909, a 7% increase. This increase is due to increased cash, cash equivalent and the District being conservative with spending due to COVID 19 pandemic.
- The Management Fund balance decreased from \$1,094,530 to \$1,081,945, approximately a 1% decrease. Expenditures within the Management Fund are held to minimal as the District continues to levy for property tax revenues for future retirement incentives to be offered by the Board of Education.
- The Capital Projects, Statewide Sales, Services and Use Tax Fund balance decreased significantly from \$641,511 to \$522,234, a 19% decrease. The District completed a building project with a cost of approximately \$2,261,800. The funding for this project was as follows: \$500,000 from District reserves from SAVE dollars and the purchase of \$1,905,000 in School Infrastructure Sales, Services & Use Tax Revenue Bonds. The District has continued efforts to keep the buildings in good condition with continued improvements.
- The Capital Projects, Physical Plant and Equipment Levy Fund balance increased from \$(7,489) in 2019 to \$216,929 in 2020. The increase is due to the District being conservative with expenditures as they have been facing declining enrollment trends.

Proprietary Fund Highlights

School Nutrition Fund net position increased from \$77,557 at June 30, 2019 to \$85,605 at June 30, 2020, an increase of approximately 10%. The food services director is very conservative and does a great job at balancing our school nutrition fund budget.

BUDGETARY HIGHLIGHTS

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

The District's total revenues were \$148,056 less than budgeted revenues, a variance of approximately 2%. The decrease is primarily due to reduction in student enrollment, interest rates, and extra events due to COVID 19 pandemic.

Total expenditures were \$401,372 less than budgeted, due primarily to the District's budget for the General Fund, within instructional services. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget.

In spite of the District's budgetary practices, expenditures in the support services function exceeded the amount budgeted due to an increase in need for additional support services staff. Also the board elected to pay support staff during our shut down at the contracted hours from March through end of school year in May. Most are contracted at 37.5 - 40 hours with a trend to only work 34-35 hours per week.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had invested \$8,554,549, 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 approximately 13% over last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$421,197.

The original cost of the District's capital assets was \$13,971,371. Governmental funds account for \$13,656,456, with the remainder of \$314,915 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category, which decreased from \$1,945,044 to \$0. This decrease was due to the construction project being completed and moved to the building and improvements category.

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,
	2020	2019	2020	2019	2020	2019	2019-2020
Land	\$ 19,689	\$ 19,689	\$ -	\$ -	\$ 19,689	\$ 19,689	0.00%
Construction in progress	-	1,945,044	-	-	-	1,945,044	-100.00%
Buildings and improvements	7,357,633	4,849,987	-	-	7,357,633	4,849,987	51.70%
Improvements, other than buildings	107,019	75,833	-	-	107,019	75,833	41.12%
Furniture and equipment	<u>1,002,343</u>	<u>602,711</u>	<u>67,865</u>	<u>65,958</u>	<u>1,070,208</u>	<u>668,669</u>	60.05%
Totals	<u>\$ 8,486,684</u>	<u>\$ 7,493,264</u>	<u>\$ 67,865</u>	<u>\$ 65,958</u>	<u>\$ 8,554,549</u>	<u>\$ 7,559,222</u>	13.17%

Long-Term Debt

At June 30, 2020, the District had \$3,892,281 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of less than 1% over last year. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$11.7 million.

Figure A-5

	Outstanding Long-term Obligations		
	Total		Total
	District		Change
	June 30,		June 30,
	2020	2019	2019-2020
<u>Governmental Activities</u>			
Revenue bonds	\$ 1,455,000	\$ 1,680,000	-13.39%
Termination benefits	80,000	-	100.00%
Net pension liability	2,245,836	2,474,455	-9.24%
Net OPEB liability	<u>68,964</u>	<u>56,802</u>	21.41%
	3,849,800	4,211,257	-8.58%
<u>Business Type Activities</u>			
Net pension liability	40,989	45,936	-10.77%
Net OPEB liability	<u>1,492</u>	<u>2,923</u>	-48.96%
	<u>42,481</u>	<u>48,859</u>	-13.05%
Total	<u>\$ 3,892,281</u>	<u>\$ 4,260,116</u>	-8.63%

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 outlook for our District, in reference to rising property valuations, will result in a 2.00% increase for the 2020-2021 school year.
- School financing is highly dependent upon student enrollment. The District's October 2020 enrollment increased by 19.0 students. The increase in revenue will be \$134,482. The prior two years we have decreased a combined total of 34 students totaling \$231,720.00 which presents a major concern to the District. The District will remain conservative with the increase in enrollment in the upcoming year.
- The ratio of open enrolled in students vs. open enrolled out students continues to grow and is becoming a major concern to the District.
- The continued increase in property tax valuations and state funding sources helps with District funding. The District will need to remain conservative in expenditures. The District is very effective when staff vacancies arrive to either modify the position or utilize current staff resulting in savings of salaries and benefits. The District must continue to exhibit sound financial decisions that prepare the District for unknown roadblocks looking forward to the 2021-2022 school year.
- The District continues to be proactive in relation to technology. This has allowed the District to become very competitive with surrounding school districts and it strives to continue to offer the very best possible educational opportunities to the students of River Valley Community Schools.
- The District continues to be proactive with upkeep of facilities, grounds and maintenance. The District completed a building project started in the spring of 2017, which included remodeling of space within the Washta Elementary to house the 5th grade students who are currently in portable classrooms and the construction of a non-competitive gym at the JH/HS building in Correctionville. The District continues to update their fleet of buses and Suburbans. The District also upgraded the existing telephone system.
- The District entered into a superintendent sharing agreement for the 20-21 school year. This will help decrease salary expenditures.
- The District implemented a voted levy on the Physical Plant and Equipment Fund beginning July 1, 2019. It will help generate approximately \$180,000 to \$220,000 in additional revenues for this fund.
- The District remains to be solvent as it continues to struggle with student enrollment, uncertainty of state financing and curriculum demands placed on the District from the Department of Education. The patrons of the District are fortunate that they have Board Members who hold the structure of the River Valley School District very near and dear to their hearts. The future is about educating River Valley students to be lifelong learners.

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 Tish Evans, District Secretary/Treasurer and School Business Official, or Cynthia Dittmer, Fiscal Agent, River Valley Community School District, 916 Hackberry Street, Correctionville, Iowa 51016.

Basic Financial Statements

RIVER VALLEY COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

Exhibit A

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 4,030,631	\$ 38,655	\$4,069,286
Receivables			
Property tax			
Delinquent	71,080	-	71,080
Succeeding year	2,874,095	-	2,874,095
Accounts receivable	64,306	-	64,306
Income surtax	39,168	-	39,168
Due from other governments	24,791	29,390	54,181
Inventories	-	10,777	10,777
Non-depreciable capital assets	19,689	-	19,689
Capital assets, net of accumulated depreciation	8,466,995	67,865	8,534,860
Total assets	<u>15,590,755</u>	<u>146,687</u>	<u>15,737,442</u>
Deferred Outflows of Resources			
Pension related deferred outflows	<u>562,514</u>	<u>6,572</u>	<u>569,086</u>
Liabilities			
Accounts payable	109,689	10,676	120,365
Salaries and benefits payable	393,302	378	393,680
Accrued interest payable	16,078	-	16,078
Advances from grantors	48,660	-	48,660
Long-term liabilities			
Portion due within one year			
Revenue bonds payable	230,000	-	230,000
Termination benefits payable	80,000	-	80,000
Portion due after one year			
Revenue bonds payable	1,225,000	-	1,225,000
Net pension liability	2,245,836	40,989	2,286,825
Total OPEB liability	68,964	1,492	70,456
Total liabilities	<u>4,417,529</u>	<u>53,535</u>	<u>4,471,064</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	2,874,095	-	2,874,095
Pension related deferred inflows	390,019	14,119	404,138
Total deferred inflows of resources	<u>3,264,114</u>	<u>14,119</u>	<u>3,278,233</u>

See notes to Financial Statements.

RIVER VALLEY COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

Exhibit A

	Governmental Activities	Business Type Activities	Total
Net Position			
Net investment in capital assets	\$ 7,031,684	\$ 67,865	\$7,099,549
Restricted for			
Categorical funding	271,291	-	271,291
Management levy purposes	1,001,945	-	1,001,945
Physical plant and equipment	236,513	-	236,513
Student activities	56,140	-	56,140
School infrastructure	522,234	-	522,234
Unrestricted	(648,181)	17,740	(630,441)
Total net position	<u>\$ 8,471,626</u>	<u>\$ 85,605</u>	<u>\$8,557,231</u>

See notes to Financial Statements.

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

Exhibit B

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		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	\$ 1,947,811	\$ 391,430	\$ 703,984	\$ -	\$ (852,397)	\$ - \$ (852,397)
Special instruction	576,799	116,934	19,056	-	(440,809)	- (440,809)
Other instruction	970,976	21,874	9,635	-	(939,467)	- (939,467)
	<u>3,495,586</u>	<u>530,238</u>	<u>732,675</u>	<u>-</u>	<u>(2,232,673)</u>	<u>- (2,232,673)</u>
Support services						
Student	143,693	-	-	-	(143,693)	- (143,693)
Instructional staff	130,065	-	-	-	(130,065)	- (130,065)
Administration	669,322	-	-	-	(669,322)	- (669,322)
Operation and maintenance of plant	633,829	-	-	-	(633,829)	- (633,829)
Transportation	295,506	-	-	-	(295,506)	- (295,506)
	<u>1,872,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,872,415)</u>	<u>- (1,872,415)</u>
Non-instructional programs	<u>97</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(97)</u>	<u>- (97)</u>
Other expenses						
Long-term debt interest and administration costs	32,656	-	-	-	(32,656)	- (32,656)
AEA flowthrough	185,478	-	185,478	-	-	- -
Depreciation (unallocated) *	254,853	-	-	-	(254,853)	- (254,853)
	<u>472,987</u>	<u>-</u>	<u>185,478</u>	<u>-</u>	<u>(287,509)</u>	<u>- (287,509)</u>
Total governmental activities	<u>5,841,085</u>	<u>530,238</u>	<u>918,153</u>	<u>-</u>	<u>(4,392,694)</u>	<u>- (4,392,694)</u>

See notes to financial statements.

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

Exhibit B

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<u>Functions/Programs (continued)</u>	<u>Expenses</u>	<u>Charges for Services</u>					
Business type activities							
Non-instructional programs							
Food service operations	\$ 310,055	\$ 91,846	\$ 225,469	\$ -	\$ -	\$ 7,260	\$ 7,260
Total	<u>\$ 6,151,140</u>	<u>\$ 622,084</u>	<u>\$ 1,143,622</u>	<u>\$ -</u>	<u>(4,392,694)</u>	<u>7,260</u>	<u>(4,385,434)</u>
<u>General Revenues</u>							
Property tax levied for							
General purposes					2,488,105	-	2,488,105
Capital outlay					392,473	-	392,473
Statewide sales, services and use tax					422,575	-	422,575
Unrestricted state grants					1,533,936	-	1,533,936
Unrestricted investment earnings					40,080	788	40,868
Other					95,993	-	95,993
Special item - gain on sale of assets					438,632	-	438,632
Total general revenues and special item					<u>5,411,794</u>	<u>788</u>	<u>5,412,582</u>
Change in net position					1,019,100	8,048	1,027,148
Net position beginning of year					7,452,526	77,557	7,530,083
Net position end of year					<u>\$ 8,471,626</u>	<u>\$ 85,605</u>	<u>\$ 8,557,231</u>

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

See notes to financial statements.

RIVER VALLEY COMMUNITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2020

Exhibit C

			Capital Projects		Nonmajor Governmental Funds	Total
	General	Special Revenue Management Levy	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy		
Assets						
Cash, cash equivalents and pooled investments	\$2,185,784	\$1,079,272	\$494,433	\$214,474	\$ 56,668	\$4,030,631
Receivables						
Property tax						
Delinquent	28,241	2,673	35,556	4,610	-	71,080
Succeeding year	2,087,094	410,000	-	377,001	-	2,874,095
Accounts receivable	64,306	-	-	-	-	64,306
Income surtax	19,584	-	-	19,584	-	39,168
Due from other governments	24,791	-	-	-	-	24,791
Total assets	<u>\$4,409,800</u>	<u>\$1,491,945</u>	<u>\$529,989</u>	<u>\$615,669</u>	<u>\$ 56,668</u>	<u>\$7,104,071</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 99,251	\$ -	\$ 7,755	\$ 2,155	\$ 528	\$ 109,689
Salaries and benefits payable	393,302	-	-	-	-	393,302
Advances from grantors	48,660	-	-	-	-	48,660
Total liabilities	<u>541,213</u>	<u>-</u>	<u>7,755</u>	<u>2,155</u>	<u>528</u>	<u>551,651</u>
Deferred inflows of resources						
Unavailable revenues						
Succeeding year property tax	2,087,094	410,000	-	377,001	-	2,874,095
Income surtax	19,584	-	-	19,584	-	39,168
Total deferred inflows of resources	<u>2,106,678</u>	<u>410,000</u>	<u>-</u>	<u>396,585</u>	<u>-</u>	<u>2,913,263</u>
Fund balances						
Restricted for:						
Categorical funding	271,291	-	-	-	-	271,291
Management levy purposes	-	1,081,945	-	-	-	1,081,945
Student activities	-	-	-	-	56,140	56,140
School infrastructure	-	-	522,234	-	-	522,234
Physical plant and equipment	-	-	-	216,929	-	216,929
Unassigned	1,490,618	-	-	-	-	1,490,618
Total fund balances	<u>1,761,909</u>	<u>1,081,945</u>	<u>522,234</u>	<u>216,929</u>	<u>56,140</u>	<u>3,639,157</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$4,409,800</u>	<u>\$1,491,945</u>	<u>\$529,989</u>	<u>\$615,669</u>	<u>\$ 56,668</u>	<u>\$7,104,071</u>

See notes to financial statements.

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

Exhibit D

Total fund balances of governmental funds		\$3,639,157
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.		8,486,684
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		39,168
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.		(16,078)
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	\$562,514	
Deferred inflows of resources	<u>(390,019)</u>	172,495
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>(3,849,800)</u>
Net position of governmental activities		<u>\$8,471,626</u>

See notes to financial statements.

RIVER VALLEY COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

Exhibit E

Revenues	General	Special Revenue Management Levy	Capital Projects		Nonmajor Governmental Funds	Total
			Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy		
Local sources						
Local tax	\$2,445,699	\$ 210,422	\$ -	\$ 371,578	\$ -	\$3,027,699
Tuition	377,913	-	-	-	-	377,913
Other	138,139	-	21,134	11,951	120,144	291,368
State sources	2,365,444	810	422,575	1,311	-	2,790,140
Federal sources	95,227	-	-	-	-	95,227
Total revenues	<u>5,422,422</u>	<u>211,232</u>	<u>443,709</u>	<u>384,840</u>	<u>120,144</u>	<u>6,582,347</u>
Expenditures						
Current						
Instruction						
Regular	2,175,330	-	-	-	-	2,175,330
Special	562,422	-	-	-	-	562,422
Other	845,254	-	-	-	143,917	989,171
	<u>3,583,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,917</u>	<u>3,726,923</u>
Support services						
Student	144,603	-	-	-	-	144,603
Instructional staff	126,522	-	-	-	-	126,522
Administration	608,306	43,049	-	-	-	651,355
Operation and maintenance of plant	455,334	162,677	5,569	-	-	623,580
Transportation	203,126	18,091	-	-	-	221,217
	<u>1,537,891</u>	<u>223,817</u>	<u>5,569</u>	<u>-</u>	<u>-</u>	<u>1,767,277</u>
Non-instructional programs	2,970	-	-	-	-	2,970
Other expenditures						
Facilities acquisition	-	-	297,775	175,097	-	472,872
Long-term debt						
Principal	-	-	-	-	225,000	225,000
Interest and fiscal charges	-	-	-	-	35,142	35,142
AEA flowthrough	185,478	-	-	-	-	185,478
	<u>185,478</u>	<u>-</u>	<u>297,775</u>	<u>175,097</u>	<u>260,142</u>	<u>918,492</u>
Total expenditures	<u>5,309,345</u>	<u>223,817</u>	<u>303,344</u>	<u>175,097</u>	<u>404,059</u>	<u>6,415,662</u>
Excess (deficiency) of revenues over (under) expenditures	<u>113,077</u>	<u>(12,585)</u>	<u>140,365</u>	<u>209,743</u>	<u>(283,915)</u>	<u>166,685</u>
Other financing sources (uses)						
Transfers in	-	-	-	14,675	259,642	274,317
Transfers (out)	-	-	(259,642)	-	(14,675)	(274,317)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(259,642)</u>	<u>14,675</u>	<u>244,967</u>	<u>-</u>
Change in fund balances	113,077	(12,585)	(119,277)	224,418	(38,948)	166,685
Fund balance, beginning of year	1,648,832	1,094,530	641,511	(7,489)	95,088	3,472,472
Fund balance, end of year	<u>\$1,761,909</u>	<u>\$ 1,081,945</u>	<u>\$ 522,234</u>	<u>\$ 216,929</u>	<u>\$ 56,140</u>	<u>\$3,639,157</u>

See notes to financial statements.

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

Exhibit F

Change in fund balances - total governmental funds **\$ 166,685**

**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. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$966,187	
Loss on disposal of capital assets	438,632	
Depreciation expense	<u>(411,399)</u>	993,420

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

Other	(157,824)
-------	-----------

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.

225,000

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	(80,000)	
Pension expense	(411,126)	
Other postemployment benefits	<u>(12,162)</u>	(503,288)

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.

2,486

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.

292,621

Change in net position of governmental activities

\$1,019,100

RIVER VALLEY COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2020

Exhibit G

Nonmajor
Enterprise
School
Nutrition

Assets

Current assets

Cash and cash equivalents	\$ 38,655
Due from other governments	29,390
Inventories	<u>10,777</u>
Total current assets	78,822

Noncurrent assets

Capital assets, net of accumulated depreciation	<u>67,865</u>
---	---------------

Total assets

146,687

Deferred Outflows of Resources

Pension related deferred outflows	<u>6,572</u>
-----------------------------------	--------------

Liabilities

Current liabilities

Accounts payable	10,676
Salaries and benefits payable	<u>378</u>

Total current liabilities

11,054

Noncurrent liabilities

Total OPEB liability	1,492
Net pension liability	<u>40,989</u>

Total noncurrent liabilities

42,481

Total liabilities

53,535

Deferred inflows of resources

Pension related deferred inflows	<u>14,119</u>
----------------------------------	---------------

Net Position

Net investment in capital assets	67,865
----------------------------------	--------

Unrestricted	<u>17,740</u>
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Total net position

\$ 85,605

See notes to financial statements.

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

Exhibit H

	Nonmajor <u>Enterprise</u> School <u>Nutrition</u>
Operating revenue	
Local sources	
Charges for service	<u>\$ 91,846</u>
Operating expenses	
Non-instructional programs	
Food service operations	
Salaries	90,297
Benefits	32,026
Supplies	177,645
Depreciation	9,798
Miscellaneous	289
	<u>310,055</u>
Operating (loss)	<u>(218,209)</u>
Non-operating revenue	
Interest income	788
State sources	4,202
Federal sources	<u>221,267</u>
Total non-operating revenue	<u>226,257</u>
Change in net position	8,048
Net position beginning of year	<u>77,557</u>
Net position end of year	<u><u>\$ 85,605</u></u>

See notes to financial statements.

RIVER VALLEY COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2020

Exhibit I

	Nonmajor <u>Enterprise</u> School <u>Nutrition</u>
Cash flows from operating activities	
Cash received from sale of services	\$ 87,851
Cash payments to employees for services	(114,503)
Cash payments to suppliers for goods and services	<u>(145,677)</u>
Net cash (used by) operating activities	<u>(172,329)</u>
Cash flows from non-capital financing activities	
State grants received	4,202
Federal grants received	<u>166,045</u>
Net cash provided by non-capital financing activities	<u>170,247</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	<u>(11,705)</u>
Cash flows from investing activities	
Interest on investments	<u>788</u>
Net (decrease) in cash and cash equivalents	(12,999)
Cash and cash equivalents, beginning of year	<u>51,654</u>
Cash and cash equivalents, end of year	<u>\$ 38,655</u>
Reconciliation of operating (loss) to net cash	
(used by) operating activities	
Operating (loss)	\$(218,209)
Adjustments to reconcile operating (loss) to	
net cash (used by) operating activities	
Depreciation	9,798
Commodities used	26,519
Change in assets and liabilities:	
Accounts receivable	65
Inventories	(2,551)
Deferred outflows of resources	4,556
Accounts payable	8,289
Salaries and benefits payable	378
Deferred revenue	(4,060)
OPEB liability	(1,431)
Net pension liability	(4,947)
Deferred inflows of resources	<u>9,264</u>
Net cash (used by) operating activities	<u>\$(172,329)</u>

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2020, the District received \$26,519 of federal commodities.

See notes to financial statements.

RIVER VALLEY COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2020

Exhibit J

	Private Purpose Trust <u>Scholarships</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 160,942
Liabilities	<u>-</u>
Net position	<u>\$ 160,942</u>

See notes to financial statements.

RIVER VALLEY COMMUNITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2020

Exhibit K

	Private Purpose Trust <u>Scholarships</u>
Additions	
Local sources	
Gifts and contributions	\$ 1,500
Interest	<u>476</u>
Total additions	1,976
Deductions	<u>476</u>
Change in net position	1,500
Net position beginning of year	<u>159,442</u>
Net position end of year	<u><u>\$160,942</u></u>

See notes to financial statements.

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

Note 1. Summary of Significant Accounting Policies

River Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Correctionville, Washta, Cushing and Quimby, Iowa, and the predominantly agricultural territory in portions of Woodbury, Cherokee and Ida Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, River Valley 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 River Valley 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 nonfiduciary 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 nonfiduciary 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, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 Management Fund is utilized to account for the property tax and other revenues used for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

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

The Physical Plant and Equipment Levy Fund is a capital projects fund used to account for the resources from the regular and voter-approved levies to be used for the purchase and improvement of grounds; purchase, construction and remodeling of buildings; and major equipment and technology purchases.

The District reports no major proprietary funds. However, the District reports one nonmajor Enterprise Fund, the School Nutrition Fund, which is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary fund includes the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary 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, termination benefits and compensated absences 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 Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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

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

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

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

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

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

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

<u>Asset Class</u>	<u>Amount</u>
Land	\$ -
Buildings	\$ 3,000
Improvements other than buildings	\$ 3,000
Intangibles	\$30,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 3,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	20 years
Intangibles	3-20 years
Furniture and equipment	5-20 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.

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

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 to the student or be used as meals are served to the student.

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 River Valley 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 and the Enterprise, School Nutrition 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 and income surtax 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.

Fund Balances - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved

prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned - All amounts not included in the preceding classifications.

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

Net position restricted through enabling legislation includes \$56,140 for student activities, \$522,234 for school infrastructure, \$1,001,945 for management levy purposes and \$236,513 for physical plant and equipment.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, expenditures in the support services 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, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2020, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$1,695,896. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in the Iowa Schools Joint Investment Trust were rated AAAM by Standard & Poor's Financial Services. The District had no investments meeting the disclosure requirements of Governmental

Accounting Standards Board Statement No. 72.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ending June 30, 2020 are as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Nonmajor governmental	Major Capital Projects	
Debt Service	Statewide Sales, Services and Use Tax	\$ 259,642
Nonmajor governmental	Nonmajor governmental	
Physical Plant and Equipment Levy	Debt Service	<u>14,675</u>
		<u>\$ 274,317</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resourced. The transfers from the Statewide Sales, Services and Use Tax Fund to the Debt Service Fund were to pay principal and interest on the revenue bonds. The transfers from the Debt Service Fund to the Physical Plant and Equipment Levy Fund were to move the balance remaining in the Debt Service Fund after all bond and interest was paid on the 2005 general obligation bond issue.

Note 4. Capital Assets

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

<u>Governmental activities</u>	<u>Balance, Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, End of Year</u>
Capital assets not being depreciated:				
Land	\$ 19,689	\$ -	\$ -	\$ 19,689
Construction in progress	<u>1,945,044</u>	<u>475,996</u>	<u>(2,421,040)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,964,733</u>	<u>475,996</u>	<u>(2,421,040)</u>	<u>19,689</u>
Capital assets being depreciated:				
Buildings and improvements	7,776,775	2,421,040	(18,001)	10,179,814
Improvements other than buildings	516,825	12,477	-	529,302
Furniture and equipment	<u>2,556,627</u>	<u>477,714</u>	<u>(106,690)</u>	<u>2,927,651</u>
Total capital assets being depreciated	<u>10,850,227</u>	<u>2,911,231</u>	<u>(124,691)</u>	<u>13,636,767</u>
Less accumulated depreciation for:				
Buildings and improvements	2,926,788	202,788	(307,395)	2,822,181
Improvements other than buildings	440,992	26,465	(45,174)	422,283
Furniture and equipment	<u>1,953,916</u>	<u>182,146</u>	<u>(210,754)</u>	<u>1,925,308</u>
Total accumulated depreciation	<u>5,321,696</u>	<u>411,399</u>	<u>(563,323)</u>	<u>5,169,772</u>

Total capital assets being depreciated, net	<u>5,528,531</u>	<u>2,499,832</u>	<u>438,632</u>	<u>8,466,995</u>
Governmental activities capital assets, net	<u>\$ 7,493,264</u>	<u>\$ 2,975,828</u>	<u>\$(1,982,408)</u>	<u>\$ 8,486,684</u>

Business type activities

Furniture and equipment	\$ 303,210	\$ 11,705	\$ -	\$ 314,915
Less accumulated depreciation	<u>237,252</u>	<u>9,798</u>	<u>-</u>	<u>247,050</u>
Business type activities capital assets, net	<u>\$ 65,958</u>	<u>\$ 1,907</u>	<u>\$ -</u>	<u>\$ 67,865</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction	
Regular	\$ 61,826
Other	11,797
Support services	
Student support	3,035
Administration	1,511
Operation and maintenance of plant	9,449
Transportation	<u>68,928</u>
	156,546
Unallocated depreciation	<u>254,853</u>
Total governmental activities depreciation expense	<u>\$ 411,399</u>

Business type activities

Food services	<u>\$ 9,798</u>
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Note 5. Long-term Liabilities

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

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
Governmental activities					
Revenue bonds	\$ 1,680,000	\$ -	\$ 225,000	\$ 1,455,000	\$ 230,000
Termination benefits	-	80,000	-	80,000	80,000
Net pension liability	2,474,455	-	228,619	2,245,836	-
Net OPEB liability	<u>56,802</u>	<u>12,162</u>	<u>-</u>	<u>68,964</u>	<u>-</u>
Totals	<u>\$ 4,211,257</u>	<u>\$ 92,162</u>	<u>\$ 453,619</u>	<u>\$ 3,849,800</u>	<u>\$ 310,000</u>

Business type activities

Net pension liability	\$ 45,936	\$ -	\$ 4,947	\$ 40,989	\$ -
Net OPEB liability	<u>2,923</u>	<u>-</u>	<u>1,431</u>	<u>1,492</u>	<u>-</u>
Totals	<u>\$ 48,859</u>	<u>\$ -</u>	<u>\$ 6,378</u>	<u>\$ 42,481</u>	<u>\$ -</u>

Interest costs incurred and charged to expense on all long-term debt was \$32,656 for the year ended June 30, 2020. During the year ended June 30, 2020, the District made principal payments of \$225,000 and interest payments of \$34,642 on total long-term debt.

Termination Benefits

The District offered a voluntary early retirement plan to its classified employees during fiscal year 2020. Eligible employees must have completed at least twenty years of continuous full service to the River Valley Community School District and must have reached the age of fifty-five on or before June 30 of the calendar year in which early retirement commences. The application for early retirement benefits is subject to approval by the Board of Education.

Under the plan classified staff retirees may receive a cash payment equal to 40% of the employee's gross wages for the last year of employment or the average of the last three years of employment, whichever is greater. The benefits will be paid in two payments on July 20 of the year in which the early retirement takes effect and January 20 of the following year.

At June 30, 2020, the District had two retirees receiving benefits and reported \$80,000 of termination benefit liability. There were no payments of early retirement expenditures for the year ended June 30, 2020.

Revenue Bonds

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

Year Ending June 30,	Bond Issue of May 1, 2017			
	Interest Rates	Principal	Interest	Total
2021	2.10%	\$ 230,000	\$ 29,614	\$ 259,614
2022	2.10%	235,000	24,476	259,476
2023	2.10%	240,000	19,227	259,227
2024	2.10%	245,000	13,868	258,868
2025	2.10%	250,000	8,398	258,398
2026	2.10%	<u>255,000</u>	<u>2,818</u>	<u>257,818</u>
Totals		<u>\$ 1,455,000</u>	<u>\$ 98,401</u>	<u>\$ 1,553,401</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,905,000 of bonds issued on May 1, 2017. The bonds were issued for the purpose of financing a portion of the construction of a new building. 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 2026. 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 65% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$1,553,401. For the current year, \$225,000 of principal and \$34,642 of interest were paid on the bonds and the total statewide sales, services and use tax revenues were \$422,575.

There were no specific compliance provisions stated in the bond resolution.

Note 6. Pension Plan

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

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

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2020 totaled \$292,621.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the District reported a liability of \$2,286,825 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the District's proportion was 0.039228%, which was a decrease of 0.000612% over its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$118,505. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,340	\$ 82,222
Changes of assumptions	244,952	-
Net difference between projected and actual earnings on IPERS' investments	-	257,697
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	25,529	64,219
District contributions subsequent to the measurement date	292,265	-
Total	<u>\$ 569,086</u>	<u>\$ 404,138</u>

\$292,265 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>	
2021	\$ 40,514
2022	(61,788)
2023	(49,083)
2024	(49,103)
2025	(7,857)
Total	<u><u>\$(127,317)</u></u>

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

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

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share 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	\$4,060,662	\$2,286,825	\$798,949

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

Payables to IPERS - At June 30, 2020, the District reported no payables to the defined benefit pension plan for legally required District or employee contributions which had been withheld from employee wages which had not yet been remitted to IPERS.

Note 7. Other Postemployment Benefits (OPEB)

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>48</u>
Total	<u>50</u>

Total OPEB Liability - The District's total OPEB liability of \$70,456 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

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

Rate of Inflation (effective June 30, 2020)	2.75% per annum.
Rates of salary increase (effective June 30, 2020)	0% OPEB directly determined by service years not salary
Discount rate (effective June 30, 2020)	3.15% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	6.0% per annum

Discount Rate - The discount rate used to measure the total OPEB liability was 3.15% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

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

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	<u>\$ 59,725</u>
Changes for the year:	
Service cost	9,968
Interest	2,269
Recognition of deferred inflows/outflows	(2,049)
Changes in assumptions	3,982
Benefit payments	<u>(3,439)</u>
Net changes	<u>10,731</u>
Total OPEB liability end of year	<u>\$ 70,456</u>

Changes of assumptions reflect a change in the discount rate from 3.72% in fiscal year 2019 to 3.15% in fiscal year 2020.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.15%) or 1% higher (4.15%) than the current discount rate.

	1% Decrease (2.15%)	Discount Rate (3.15%)	1% Increase (4.15%)
Total OPEB liability	\$78,815	\$70,456	\$63,163

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 (5.0%) or 1% higher (7.0%) than the current healthcare cost trend rates.

	1% Decrease (5.0%)	Healthcare Cost Trend Rate (6.0%)	1% Increase (7.0%)
Total OPEB liability	\$60,163	\$70,456	\$83,138

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2020, the District recognized OPEB expense of \$10,731. At June 30, 2020, the District reported no deferred inflows or outflows of resources related to OPEB.

Note 8. Risk Management

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

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$185,478 for the year ended June 30, 2020 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Contingencies

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

Note 11. Categorical Funding

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

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

Program

Limited English proficient program	\$ 248
Home school assistance program	20,311
Gifted and Talented	91,203
Teacher leadership	16,841
Teacher salary supplement	13,953
Four-year Old Preschool State Aid	54,380
Early literacy	23,061
Educator quality, professional development	49,647
Educator quality, market factor incentives	<u>1,647</u>
	<u>\$ 271,291</u>

Note 12. Deficit Balances

The District had a \$648,181 negative unrestricted net position in the governmental activities at June 30, 2020.

Note 13. Tax Abatements

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

Tax Abatements of Other Entities

Property tax revenues of the District were not reduced due to tax abatements for the year ended June 30, 2020.

Note 14. Prospective Accounting Change

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

Note 15. Subsequent Events

The District has evaluated subsequent events through February 10, 2021 which is the date that the financial statements were available to be issued.

Required Supplementary Information

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

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Total <u>Actual</u>	<u>Budgeted Amounts</u>		Final to Actual <u>Variance</u>
				<u>Original</u>	<u>Final</u>	
Revenues						
Local sources	\$ 3,696,980	\$ 92,634	\$3,789,614	\$3,974,087	\$3,974,087	\$(184,473)
State sources	2,790,140	4,202	2,794,342	2,785,169	2,785,169	9,173
Federal sources	95,227	221,267	316,494	289,250	289,250	27,244
Total revenues	<u>6,582,347</u>	<u>318,103</u>	<u>6,900,450</u>	<u>7,048,506</u>	<u>7,048,506</u>	<u>(148,056)</u>
Expenditures/Expenses						
Instruction	3,726,923	-	3,726,923	4,024,674	4,024,674	297,751
Support services	1,767,277	-	1,767,277	1,701,373	1,701,373	(65,904)
Non-instructional programs	2,970	310,055	313,025	321,935	321,935	8,910
Other expenditures	918,492	-	918,492	1,079,107	1,079,107	160,615
Total expenditures/expenses	<u>6,415,662</u>	<u>310,055</u>	<u>6,725,717</u>	<u>7,127,089</u>	<u>7,127,089</u>	<u>401,372</u>
Change in fund balance	166,685	8,048	174,733	(78,583)	(78,583)	253,316
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,065</u>	<u>4,065</u>	<u>(4,065)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing (uses)	166,685	8,048	174,733	(74,518)	(74,518)	249,251
Balance, beginning of year	<u>3,472,472</u>	<u>77,557</u>	<u>3,550,029</u>	<u>4,103,684</u>	<u>4,103,684</u>	<u>(553,655)</u>
Balance, end of year	<u>\$ 3,639,157</u>	<u>\$ 85,605</u>	<u>\$3,724,762</u>	<u>\$4,029,166</u>	<u>\$4,029,166</u>	<u>\$(304,404)</u>

See accompanying Independent Auditor's Report.

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

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/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. During the year, the District did not adopt any budget amendments.

During the year ended June 30, 2020, expenditures in the support services function exceeded the amount budgeted.

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

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.039228%	0.039840%	0.040589%	0.039607%	0.040338%	0.040048%
District's proportionate share of the net pension liability	\$ 2,286,825	\$ 2,520,391	\$ 2,679,543	\$2,470,001	\$2,005,374	\$1,588,278
District's covered payroll	\$ 3,005,461	\$ 3,014,296	\$ 2,899,063	\$2,816,581	\$2,780,826	\$2,620,588
District's proportionate share of the net pension liability as a percentage of its covered payroll	76.09%	83.61%	92.43%	87.70%	72.11%	60.61%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Statutorily required contribution	\$ 292,621	\$ 283,715	\$ 269,177	\$ 258,886	\$ 251,521	\$ 248,328	\$ 234,019	\$ 222,029	\$ 221,875	\$ 182,798
Contributions in relation to the statutorily required contribution	<u>(292,621)</u>	<u>(283,715)</u>	<u>(269,177)</u>	<u>(258,886)</u>	<u>(251,521)</u>	<u>(248,328)</u>	<u>(234,019)</u>	<u>(222,029)</u>	<u>(221,875)</u>	<u>(182,798)</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	\$3,099,804	\$3,005,461	\$3,014,296	\$2,899,063	\$2,816,581	\$2,780,826	\$2,620,588	\$2,560,886	\$2,749,383	\$2,630,191
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

See accompanying Independent Auditor's Report.

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

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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

	2020	2019	2018
Service cost	\$ 9,968	\$ 5,966	\$ 5,966
Interest cost	2,269	2,288	2,187
Difference between expected and actual experiences	3,982	-	-
Recognition of deferred outflows/inflows	(2,049)	(2,220)	(2,435)
Benefit payments	(3,439)	(3,316)	(2,636)
Net change in total OPEB liability	10,731	2,718	3,082
Total OPEB liability beginning of year	59,725	57,007	53,925
Total OPEB liability end of year	<u>\$ 70,456</u>	<u>\$ 59,725</u>	<u>\$ 57,007</u>
 Covered-employee payroll	 \$ 2,983,557	 \$ 3,057,137	 \$ 3,049,638
Total OPEB liability as a percentage of covered -employee payroll	2.36%	1.95%	1.87%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30,2020	3.15%
Year ended June 30,2019	3.72%
Year ended June 30,2018	3.72%
Year ended June 30,2017	2.50%

Supplementary Information

RIVER VALLEY COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Fund
June 30, 2020

Schedule 1

	<u>Special Revenue Student Activity</u>
Assets	
Cash, cash equivalents and pooled investments	<u>\$56,668</u>
Liabilities, Deferred Inflows of Resources and Fund Balances	
Liabilities	
Accounts payable	\$ 528
Fund balances	
Restricted for	
Student activities	<u>56,140</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$56,668</u>

See accompanying Independent Auditor's Report.

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

Schedule 2

	<u>Special Revenue</u>		
	<u>Student</u>	<u>Debt</u>	
	<u>Activity</u>	<u>Service</u>	<u>Total</u>
Revenues			
Local sources			
Other	\$120,144	\$ -	\$120,144
Expenditures			
Current			
Instruction			
Other	143,917	-	143,917
Other expenditures			
Long-term debt			
Principal	-	225,000	225,000
Interest and fiscal charges	-	35,142	35,142
Total other expenditures	-	260,142	260,142
Total expenditures	143,917	260,142	404,059
(Deficiency) of revenues (under) expenditures	(23,773)	(260,142)	(283,915)
Other financing sources (uses)			
Transfers in	-	259,642	259,642
Transfers (out)	-	(14,675)	(14,675)
Total other financing sources	-	244,967	244,967
Change in fund balances	(23,773)	(15,175)	(38,948)
Fund balances, beginning of year	79,913	15,175	95,088
Fund balances, end of year	<u>\$ 56,140</u>	<u>\$ -</u>	<u>\$ 56,140</u>

See accompanying Independent Auditor's Report.

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

Schedule 3

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Athletics	\$ 7,256	\$ 57,097	\$ 58,305	\$ 6,048
Interest	232	17,727	17,547	412
Cheerleaders	1,229	1,462	685	2,006
MS athletic fundraiser	-	200	200	-
MS renaissance	400	-	400	-
MS student council	5,957	345	674	5,628
Yearbook	9,743	6,934	8,450	8,227
HS play	1,467	2,511	2,547	1,431
District football	-	517	517	-
Speech and drama club	3,906	790	3,259	1,437
Drill team	1,854	1,834	2,979	709
MS concessions	1,340	-	-	1,340
Library bookfair	420	1,796	1,796	420
Wolverine's den	608	150	38	720
FCLLA	4,391	38	81	4,348
Music fundraiser	-	5,902	5,902	-
Art club	1,542	1,318	1,210	1,650
Spanish club	-	56	56	-
Physics club	622	4,572	3,807	1,387
Fundraiser DC trip	19,977	31,381	50,465	893
Class of 2021	-	10,678	8,224	2,454
Class of 2018	705	-	705	-
Class of 2019	1,555	2,492	4,047	-
Class of 2022	129	-	129	-
Class of 2020	1,560	283	1,689	154
National Honor Society	2,140	233	683	1,690
HS student council	2,566	3,468	2,919	3,115
HS concessions	10,314	26,539	24,782	12,071
Totals	<u>\$ 79,913</u>	<u>\$ 178,323</u>	<u>\$ 202,096</u>	<u>\$ 56,140</u>

See accompanying Independent Auditor's Report.

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

Schedule 4

	Modified Accrual Basis									
Revenues	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Local sources										
Local tax	\$3,027,699	\$2,976,705	\$2,891,945	\$2,829,422	\$2,702,086	\$2,727,391	\$2,635,397	\$2,528,196	\$2,735,807	\$2,613,481
Tuition	377,913	374,495	420,577	343,804	337,578	381,420	313,570	215,961	254,396	204,309
Other	291,368	344,337	340,505	294,206	349,537	245,252	273,141	313,098	201,857	247,344
State sources	2,790,140	2,861,940	2,955,327	2,783,847	2,465,477	2,489,244	2,532,539	2,358,846	2,118,362	2,122,338
Federal sources	95,227	157,951	156,949	155,702	141,453	149,482	144,290	152,143	202,180	358,152
Total revenues	<u>\$6,582,347</u>	<u>\$6,715,428</u>	<u>\$6,765,303</u>	<u>\$6,406,981</u>	<u>\$5,996,131</u>	<u>\$5,992,789</u>	<u>\$5,898,937</u>	<u>\$5,568,244</u>	<u>\$5,512,602</u>	<u>\$5,545,624</u>
Expenditures										
Current										
Instruction										
Regular	\$2,175,330	\$2,426,050	\$2,383,924	\$2,433,402	\$2,175,766	\$2,091,579	\$2,218,748	\$2,284,919	\$2,159,338	\$2,205,906
Special	562,422	668,295	660,794	756,396	668,617	666,167	544,138	498,899	466,636	424,155
Other	989,171	659,226	695,003	566,020	687,904	550,499	580,021	473,778	511,861	455,672
Support services										
Student	144,603	58,420	84,816	71,042	11,049	97,445	92,619	91,059	87,932	79,222
Instructional staff	126,522	122,278	127,937	87,884	90,536	133,549	132,745	99,868	104,098	125,939
Administration	651,355	593,177	533,827	573,244	545,171	502,306	506,599	526,979	583,989	511,631
Operation and maintenance of plant	623,580	653,682	629,585	435,025	431,320	449,499	391,376	397,421	385,732	383,344
Transportation	221,217	338,544	280,539	328,538	354,312	240,091	288,360	328,771	228,035	383,032
Non-instructional programs	2,970	-	-	1,440	1,778	1,768	4	1,079	1,207	-
Other expenditures										
Facilities acquisition	472,872	621,342	2,086,054	626,947	271,131	146,841	210,638	84,395	155,851	193,387
Long-term debt										
Principal	225,000	225,000	435,000	425,000	420,000	419,000	415,000	415,000	2,835,000	345,000
Interest and other charge	35,142	39,614	34,221	10,831	14,610	18,550	20,625	21,820	113,400	127,650
AEA flowthrough	185,478	186,562	187,007	178,243	170,293	170,831	168,691	162,412	164,059	184,215
Total expenditures	<u>\$6,415,662</u>	<u>\$6,592,190</u>	<u>\$8,138,707</u>	<u>\$6,494,012</u>	<u>\$5,842,487</u>	<u>\$5,488,125</u>	<u>\$5,569,564</u>	<u>\$5,386,400</u>	<u>\$7,797,138</u>	<u>\$5,419,153</u>

See accompanying Independent Auditor's Report.

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
River Valley 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 River Valley Community School District as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated February 10, 2021.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether River Valley Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

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

River Valley Community School District's Responses to the Findings

River Valley Community School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. River Valley 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 River Valley Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
February 10, 2021

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

Part I. Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

A. Segregation of Duties

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

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

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

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

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

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

Conclusion - Response accepted.

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

Part II. Other Findings Related to Required Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2020 exceeded the amount budgeted in the support services function.

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. Questioned - I noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions - No business transactions between the District and District officials or employees were noted.
5. Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
6. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
7. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.
8. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
9. Supplementary Weighting - Variances regarding the supplementary weighting certified to the Iowa Department of Education were noted. Weighted enrollment was understated by .124 due to the District not including one student taking concurrent classes that were allowable for supplementary weighting.

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

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

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

Conclusion - Response accepted.

10. Deposits and Investments - I noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
11. Certified Annual Reports - The Certified Annual Report was certified timely to the 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 provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2020, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 641,511
Revenues		
Statewide sales, services and use tax	\$422,575	
Interest earned	<u>21,134</u>	443,709
Expenditures/transfers out		
School infrastructure		
Building improvements	\$297,775	
Equipment	5,569	
Debt service for school infrastructure		
Revenue debt	<u>259,642</u>	<u>562,986</u>
Ending balance		<u>\$ 522,234</u>

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

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

14. Deficit Balances - The District had a \$648,181 negative unrestricted net position in the governmental activities at June 30, 2020.

Recommendation - The District should investigate alternatives to eliminate this deficit in order to return this account to a sound financial condition.

Response - These deficits are a result of implementing GASB 68 and recording the applicable pension related deferred outflows, net pension liability, pension related deferred inflows and pension expense.

Conclusion - Response accepted.

RIVER VALLEY COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2020

This audit was performed by

Kay Chapman, CPA
Terri Slater, staff accountant