

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2021

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## Mid-Prairie Community School District

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Jeremy Gugel	President	2021
Denise Chittick	Vice President	2023
Mary Allred	Board Member	2023
Jeremy Pickard	Board Member	2023
Gabrielle Frederick	Board Member	2021
Jodi Meader	Board Member	2021
Marianne Schlabach	Board Member	2023
<b>School Officials</b>		
Mark Schneider	Superintendent	2021
Jeffrey Swartzentruber	Board Secretary/Treasurer and School Business Official	2021
Holland, Michael, Raiber & Sittig, P.L.C.	Attorney	2021
Ahlers & Cooney, P.C.	Attorney	2021

# **NOLTE, CORNMAN & JOHNSON P.C.**

## **Certified Public Accountants**

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

### **INDEPENDENT AUDITOR'S REPORT**

**To the Board of Education of Mid-Prairie Community School District:**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Mid-Prairie Community School District, Wellman, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we 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, we 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.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our 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 Mid-Prairie Community School District as of June 30, 2021, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

## **Emphasis of a Matter**

As discussed in Note 15 to the financial statements, Mid-Prairie Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions, the Schedule of Changes in the District's Total Supplemental Pension Liability, Related Ratios and Notes and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 16 and 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We 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 our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mid-Prairie Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for eight years ended June 30, 2020 (which are not presented herein) and express unmodified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2011 (which are not presented herein) and expressed an unmodified opinion on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, including the Schedule of Expenditures of Federal Awards, 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 our opinion, the supplementary information, including the Schedule of Expenditures of Federal Awards, 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, we have also issued our report dated March 30, 2022 on our consideration of Mid-Prairie Community School District's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Mid-Prairie Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 30, 2022  
Newton, Iowa

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Mid-Prairie Community School District provides the Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2021 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$17,392,430 in fiscal year 2020 to \$19,102,574 in fiscal year 2021, while General Fund expenditures increased from \$17,128,451 in fiscal year 2020 to \$18,865,947 in fiscal year 2021. The District's General Fund balance increased from \$3,920,378 at June 30, 2020 to \$4,157,005 at June 30, 2021, an increase of 6.04% from the prior year.
- The increase in General Fund revenues was primarily due to an increase federal grant revenues received in fiscal year 2021. The increase in expenditures was mainly caused by an increase in negotiated salaries and benefits and restricted grant expenditures.
- The District's total net position increased from \$10,268,250 at June 30, 2020 to \$12,014,308 at June 30, 2021. Total revenues increased 10.90% from \$21,994,917 in fiscal year 2020 to \$24,392,732 in fiscal year 2021, while total expenses increased 7.03% from \$21,158,282 in fiscal year 2020 to \$22,646,674 in fiscal year 2021.

### USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Mid-Prairie 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 were financed in the short term as well as what remains for future spending. Fund financial statements report Mid-Prairie Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Mid-Prairie 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. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefitting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

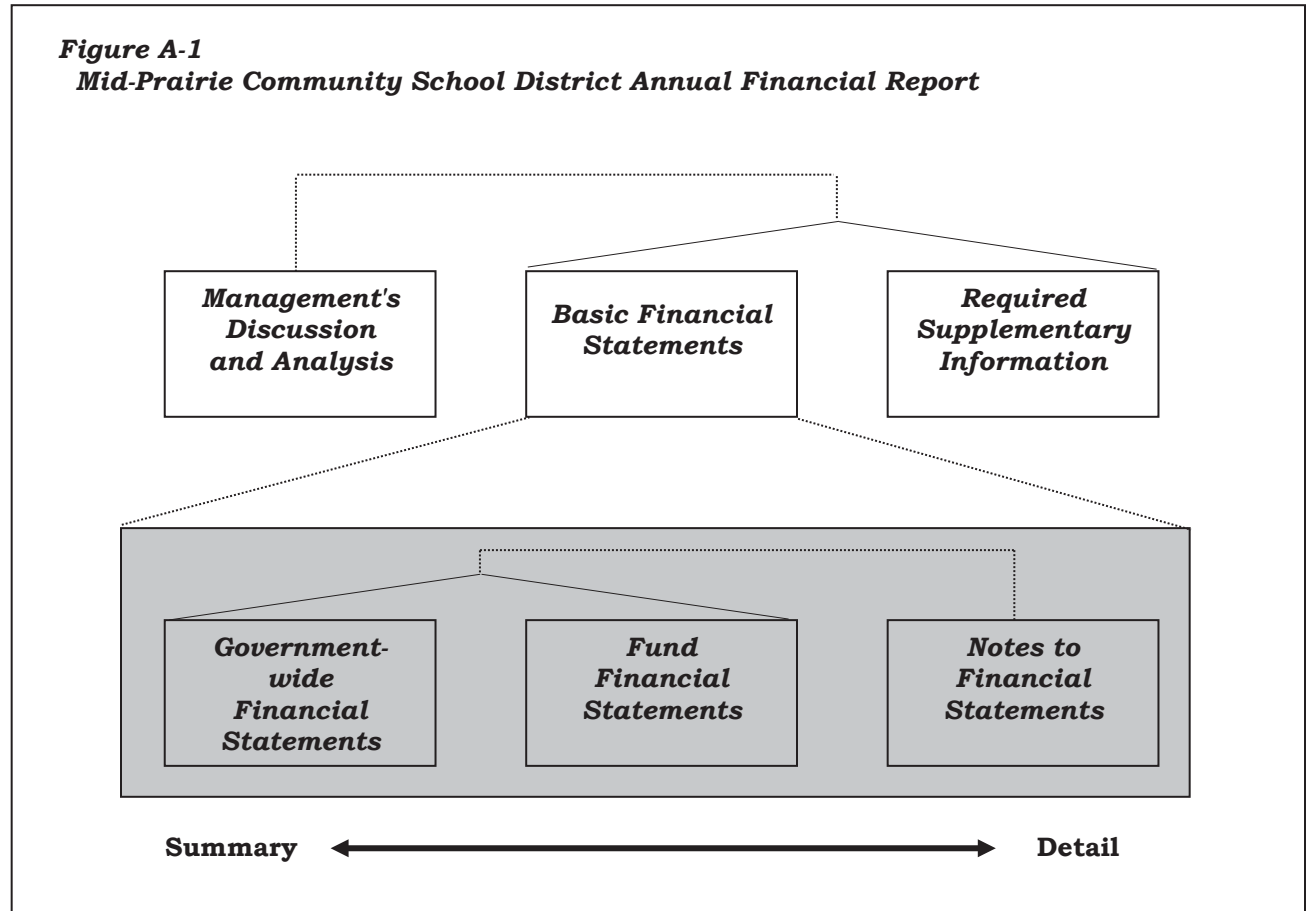




Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2</b>				
<b>Major Features of the Government-Wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, such as food service and Alumni & Friends	Instances in which the district administers and accounts for certain grants as a fiscal agent
Required financial statements	<ul style="list-style-type: none"> <li>· Statement of net position</li> <li>· Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>· Balance sheet</li> <li>· Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>· Statement of net position</li> <li>· Statement of revenues, expenses and changes in fund net position</li> <li>· Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>· Statement of fiduciary net position</li> <li>· Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow / inflow information	Consumption/acquisition of net position applicable to a future reporting period	Consumption/ acquisition of fund balance applicable to a future reporting period	Consumption/ acquisition of net position applicable to a future reporting period	Consumption/ acquisition of net position applicable to a future reporting period.
Type of inflow / outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## 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. 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.

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

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

### **Fund Financial Statements**

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

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that 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 Fund.

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

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

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

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for the assets that belong to others. These funds include the Custodial Fund.

- Custodial Fund - These are funds through which the District administers and accounts for certain grants as a fiscal agent.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purpose and by those 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 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-3 below provides a summary of the District's net position at June 30, 2021 compared to June 30, 2020.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2021	2020	2021	2020	2021	2020	2020-21
Current and other assets	\$ 17,908,799	17,023,769	250,090	144,214	18,158,889	17,167,983	5.77%
Capital assets	21,759,945	22,052,722	75,520	88,472	21,835,465	22,141,194	-1.38%
Total assets	<u>39,668,744</u>	<u>39,076,491</u>	<u>325,610</u>	<u>232,686</u>	<u>39,994,354</u>	<u>39,309,177</u>	<u>1.74%</u>
Deferred outflows of resources	2,535,938	2,343,556	51,984	49,836	2,587,922	2,393,392	8.13%
Long-term liabilities	20,275,730	20,137,191	320,643	284,094	20,596,373	20,421,285	0.86%
Other liabilities	2,353,961	2,680,125	84,887	91,075	2,438,848	2,771,200	-11.99%
Total liabilities	<u>22,629,691</u>	<u>22,817,316</u>	<u>405,530</u>	<u>375,169</u>	<u>23,035,221</u>	<u>23,192,485</u>	<u>-0.68%</u>
Deferred inflows of resources	7,518,735	8,178,279	14,012	33,671	7,532,747	8,211,950	-8.27%
Net position:							
Net investment in capital assets	14,249,945	13,014,722	75,520	88,472	14,325,465	13,103,194	9.33%
Restricted	3,814,350	3,105,931	-	-	3,814,350	3,105,931	22.81%
Unrestricted	(6,008,039)	(5,726,085)	(117,468)	(214,790)	(6,125,507)	(5,940,875)	-3.11%
Total net position	<u>\$ 12,056,256</u>	<u>10,394,568</u>	<u>(41,948)</u>	<u>(126,318)</u>	<u>12,014,308</u>	<u>10,268,250</u>	<u>17.00%</u>

The District's total net position increased 17.00%, or \$1,746,058, from the prior year.

The largest portion of the District's net position is invested in capital assets, less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$708,419, or 22.81%, from the prior year. This increase was primarily due to the increase in the amount restricted for school infrastructure.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$184,632, or 3.11%. The decrease in unrestricted net position primarily resulted from the increase in the District's net pension liability compared to the prior year.

Figure A-4 shows the changes in net position for the year ended June 30, 2021 compared to the year ended June 30, 2020.

Figure A-4							
Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2021	2020	2021	2020	2021	2020	2020-21
Revenues:							
Program revenues:							
Charges for service	\$ 3,478,923	3,020,301	96,043	300,112	3,574,966	3,320,413	7.67%
Operating grants, contributions and restricted interest	2,981,743	1,729,882	736,559	339,648	3,718,302	2,069,530	79.67%
General revenues:							
Property tax	6,782,347	6,614,104	-	-	6,782,347	6,614,104	2.54%
Income surtax	1,086,546	971,150	-	-	1,086,546	971,150	11.88%
Statewide sales, services and use tax	1,273,723	1,304,339	-	-	1,273,723	1,304,339	-2.35%
Unrestricted state grants	7,783,314	7,464,217	-	-	7,783,314	7,464,217	4.28%
Unrestricted investment earnings	56,134	115,479	554	831	56,688	116,310	-51.26%
Other	106,076	126,547	10,770	8,307	116,846	134,854	-13.35%
<b>Total revenues</b>	<b>23,548,806</b>	<b>21,346,019</b>	<b>843,926</b>	<b>648,898</b>	<b>24,392,732</b>	<b>21,994,917</b>	<b>10.90%</b>
Program expenses:							
Instruction	13,816,170	12,923,290	-	-	13,816,170	12,923,290	6.91%
Support services	6,418,879	5,863,342	-	-	6,418,879	5,863,342	9.47%
Non-instructional programs	-	-	759,556	710,167	759,556	710,167	6.95%
Other expenses	1,652,069	1,661,483	-	-	1,652,069	1,661,483	-0.57%
<b>Total expenses</b>	<b>21,887,118</b>	<b>20,448,115</b>	<b>759,556</b>	<b>710,167</b>	<b>22,646,674</b>	<b>21,158,282</b>	<b>7.03%</b>
Change in net position	1,661,688	897,904	84,370	(61,269)	1,746,058	836,635	108.70%
Net position beginning of year	10,394,568	9,496,664	(126,318)	(65,049)	10,268,250	9,431,615	8.87%
Net position end of year	<u>\$ 12,056,256</u>	<u>10,394,568</u>	<u>(41,948)</u>	<u>(126,318)</u>	<u>12,014,308</u>	<u>10,268,250</u>	<u>17.00%</u>

In fiscal year 2021, property tax and unrestricted state grants accounted for 61.85% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 98.66% of the business type activities revenues.

The District's total revenues were approximately \$24.39 million, of which approximately \$23.55 million was for governmental activities and approximately \$0.84 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 10.90% increase in revenues and a 7.03% increase in expenses. Operating grants, contributions and restricted interest increased \$1,648,772 to fund the increase in expenses. The increase in expenses occurred primarily in the instruction function.

### Governmental Activities

Revenues for governmental activities were \$23,548,806 and expenses were \$21,887,118 for the year ended June 30, 2021.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services and other expenses, for the year ended June 30, 2021 compared to those expenses for the year ended June 30, 2020.

Figure A-5						
Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2021	2020	Change 2020-21	2021	2020	Change 2020-21
Instruction	\$ 13,816,170	12,923,290	6.91%	8,514,720	9,007,747	-5.47%
Support services	6,418,879	5,863,342	9.47%	5,855,054	5,600,198	4.55%
Other expenses	1,652,069	1,661,483	-0.57%	1,056,678	1,089,987	-3.06%
Total	<u>\$ 21,887,118</u>	<u>20,448,115</u>	<u>7.04%</u>	<u>15,426,452</u>	<u>15,697,932</u>	<u>-1.73%</u>

- The cost financed by users of the District's programs was \$3,478,923.
- Federal and state governments along with local sources subsidized certain programs or projects with grants and contributions totaling \$2,981,743.
- The net cost of governmental activities was financed with \$6,782,347 in property tax, \$1,086,546 in income surtax, \$1,273,723 in statewide sales, services and use tax, \$7,783,314 in unrestricted state grants, \$56,134 in interest income and \$106,076 in other general revenues.

### Business Type Activities

Revenues of the District's business type activity were \$843,926 and expenses were \$759,556. The District's business type activities are the School Nutrition Fund and the Alumni & Friends Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, interest income and other general revenues.

### INDIVIDUAL FUND ANALYSIS

As previously noted, Mid-Prairie 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 \$7,412,291, above last year's ending fund balances of \$6,771,897. The primary reason for the increase in combined fund balances is the increase in the Capital Projects Fund and General Fund balances.

### Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Fund balance increased slightly from \$3,920,378 at June 30, 2020 to \$4,157,005 at June 30, 2021. General Fund total revenues increased due to an increase in federal grant revenues received. However, restricted grant expenditures also increased limiting the improvement in fund balance.
- The Capital Projects Fund balance decreased from \$1,516,475 at June 30, 2020 to \$1,795,217 at June 30, 2021. Total revenues decreased primarily due to less local tax revenue, however, capital outlay expenditures and principal and interest requirements on long-term debt were significantly less than the prior year leading to the improvement in fund balance.
- The District's Debt Service Fund balance increased from \$83,939 at June 30, 2020 to \$122,346 at June 30, 2021. Minus transactions associated with refinancing revenue bonds in October 2019, revenues and expenditures in fiscal year 2021 did not vary significantly from the prior year.

## Proprietary Fund Highlights

- The School Nutrition Fund net position improved from deficit \$127,158 at June 30, 2020 to deficit \$46,657 at June 30, 2021. This represents a 63.31% increase from the prior year.
- The Alumni & Friends Fund net position increased from \$840 at June 30, 2020 to \$4,709 at June 30, 2021.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Mid-Prairie Community School District amended its budget one time to reflect additional revenues and expenditures associated with the COVID-19 pandemic.

The District's total revenues were \$1,220,206 more than budgeted revenues, a variance of 5.32%. However, the largest variance resulted from the District receiving less from local sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. 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. As a result, the District's certified budget should always exceed actual expenditures for the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2021, the District had invested \$21,835,465, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities and transportation equipment. (See Figure A-6) This amount represents a net decrease of 1.38% from the prior year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$1,175,433.

The original cost of the District's capital assets was \$38,097,567. Governmental funds accounted for \$37,888,814 with the remainder of \$208,753 accounted for in the Enterprise, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings, net of accumulated depreciation, totaled \$19,392,155 at June 30, 2021, compared to \$19,784,069 at June 30, 2020. This decrease is due to current depreciation expense applied during the year.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2021	2020	2021	2020	2021	2020	2020-21
Land	\$ 714,909	714,909	-	-	714,909	714,909	0.00%
Construction in progress	52,020	-	-	-	52,020	-	100.00%
Buildings	19,392,155	19,784,069	-	-	19,392,155	19,784,069	-1.98%
Land improvements	492,665	467,635	-	-	492,665	467,635	5.35%
Machinery and equipment	1,108,196	1,086,109	75,520	88,472	1,183,716	1,174,581	0.78%
Total	<u>\$ 21,759,945</u>	<u>22,052,722</u>	<u>75,520</u>	<u>88,472</u>	<u>21,835,465</u>	<u>22,141,194</u>	<u>-1.38%</u>

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## Long-Term Debt

At June 30, 2021, the District had \$7,510,000 of total long-term debt outstanding. This represents a decrease of 16.91% from last year. (See Figure A-7) More detailed information about the District's long-term debt is presented in Note 6 to the financial statements.

	Figure A-7		
	Outstanding Long-Term Obligations		
	Total		Total
	District		Change
	June 30,		June 30,
	2021	2020	2020-21
General obligation bonds	\$ 4,965,000	6,160,000	-19.40%
Revenue bonds	2,545,000	2,878,000	-11.57%
Total	<u>\$ 7,510,000</u>	<u>9,038,000</u>	<u>-16.91%</u>

The District had outstanding general obligation bonded indebtedness of \$4,965,000 at June 30, 2021.

The District had outstanding revenue bonded indebtedness of \$2,545,000 at June 30, 2021, payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District.

## 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 that could affect its financial health in the future:

- The District continues to share its Human Resources Director and Social Work Coordinator with Clear Creek Amana Community School District while Clear Creek Amana continues to share their Curriculum Director and Buildings and Grounds Director with Mid-Prairie. The District expects the supplementary weighting revenues and savings generated from these shared operational functions to remain comparable with prior fiscal years.
- After two consecutive years of certified enrollment increases, the District experienced a decrease in enrollment during fiscal year 2021, certifying 1,275.2 students. That total represents a decrease of 1.1 students from the District's all-time high of 1,276.3 students reported in 2020. Enrollment data certified in October 2021 for fiscal year 2022 decreased another 16.7 students compared to the prior year suggesting the impact of COVID-19 on enrollment may have been somewhat delayed. On the other hand, the District's Home School Assistance Program is strong with 471 students participating. Although the potential impact of the pandemic regarding the District's certified enrollment remains uncertain, there is continued optimism for a slow growth trend over the next few years.
- Open enrollment continues to increase and provide the District with increased revenues and spending authority.
- The District approved an additional debt service levy of \$680,000 for fiscal year 2022, as well as the redemption of \$155,000 and \$525,000 of Series 2014 general obligation bonds originally maturing in June 2029 and June 2028, respectively. The anticipated interest cost savings resulting from the early extinguishment of debt is \$148,225. In addition to savings, the early repayment of debt also provides additional flexibility for the District should there be a need for future financing and makes any potential offerings more appealing bidders. At the beginning of fiscal year 2022, the District's total long-term debt was approximately 0.86% of the value of taxable property within the District, well below the Constitutional debt limit of 5%.
- Delays from the Iowa Legislature in setting the supplemental state aid as prescribed by Iowa Code creates challenges for the District to create an accurate budget.



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- The District continues to recognize the many and varied impacts of COVID-19 on District finances, staff, and students. While less impacted by the actual pandemic during fiscal year 2021, the District still experienced a number of items outside of normal. ESSER I and ESSER II funding programs were utilized to fund the new On-line Learning Academy and pay for upgrades to HVAC systems. The On-line Learning Academy began the year with almost 100 students enrolled; however, many of those students returned to the classroom during the year leaving less than 40 students enrolled at year-end. ESSER III funding became available in the last quarter of fiscal year 2021. The District has developed plans for those funds to finance further HVAC improvements and other non-recurring expenditures during fiscal years 2022 and 2023.

## **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 Jeffrey Swartzentruber, Board Secretary/Treasurer and School Business Official, Mid-Prairie Community School District, 1636 Hwy 22 East, Wellman, IA 52356.



## BASIC FINANCIAL STATEMENTS

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 8,468,150	214,082	8,682,232
Receivables:			
Property tax:			
Delinquent	37,351	-	37,351
Succeeding year	7,062,319	-	7,062,319
Income surtax	1,093,170	-	1,093,170
Accounts	22,723	-	22,723
Due from other governments	1,225,086	1,830	1,226,916
Inventories	-	34,178	34,178
Capital assets not being depreciated:			
Land and construction in progress	766,929	-	766,929
Capital assets, net of accumulated depreciation			
Buildings and land improvements and machinery and equipment	20,993,016	75,520	21,068,536
<b>Total assets</b>	<b>39,668,744</b>	<b>325,610</b>	<b>39,994,354</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	2,335,390	43,345	2,378,735
OPEB related deferred outflows	200,548	8,639	209,187
<b>Total deferred outflows of resources</b>	<b>2,535,938</b>	<b>51,984</b>	<b>2,587,922</b>
<b>Liabilities</b>			
Accounts payable	202,459	3,285	205,744
Salaries and benefits payable	2,138,560	49,565	2,188,125
Accrued interest payable	12,942	-	12,942
Unearned revenue	-	32,037	32,037
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	630,000	-	630,000
Revenue bonds	344,000	-	344,000
Termination benefits	26,000	-	26,000
Compensated absences	27,067	-	27,067
Portion due after one year:			
General obligation bonds	4,335,000	-	4,335,000
Revenue bonds	2,201,000	-	2,201,000
Net pension liability	9,328,731	174,866	9,503,597
Total OPEB liability	3,383,932	145,777	3,529,709
<b>Total liabilities</b>	<b>22,629,691</b>	<b>405,530</b>	<b>23,035,221</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	7,062,319	-	7,062,319
Pension related deferred inflows	232,186	4,353	236,539
OPEB related deferred inflows	224,230	9,659	233,889
<b>Total deferred inflows of resources</b>	<b>7,518,735</b>	<b>14,012</b>	<b>7,532,747</b>
<b>Net Position</b>			
Net investment in capital assets	14,249,945	75,520	14,325,465
Restricted for:			
Categorical funding	598,006	-	598,006
Debt service	109,404	-	109,404
Management levy purposes	1,038,984	-	1,038,984
Student activities	272,739	-	272,739
School infrastructure	1,419,094	-	1,419,094
Physical plant and equipment	376,123	-	376,123
Unrestricted	(6,008,039)	(117,468)	(6,125,507)
<b>Total net position</b>	<b>\$ 12,056,256</b>	<b>(41,948)</b>	<b>12,014,308</b>

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
<b>Functions/Programs:</b>						
Governmental activities:						
Instruction:						
Regular	\$ 7,613,646	2,277,236	80,899	(5,255,511)	-	(5,255,511)
Special	2,705,140	827,611	195,690	(1,681,839)	-	(1,681,839)
Other	3,497,384	321,874	1,598,140	(1,577,370)	-	(1,577,370)
	<u>13,816,170</u>	<u>3,426,721</u>	<u>1,874,729</u>	<u>(8,514,720)</u>	<u>-</u>	<u>(8,514,720)</u>
Support services:						
Student	481,590	42,500	62,032	(377,058)	-	(377,058)
Instructional staff	936,758	-	2,895	(933,863)	-	(933,863)
Administration	2,140,005	-	52,706	(2,087,299)	-	(2,087,299)
Operation and maintenance of plant	1,844,897	2,919	136,555	(1,705,423)	-	(1,705,423)
Transportation	1,015,629	6,783	257,435	(751,411)	-	(751,411)
	<u>6,418,879</u>	<u>52,202</u>	<u>511,623</u>	<u>(5,855,054)</u>	<u>-</u>	<u>(5,855,054)</u>
Long-term debt interest	258,303	-	-	(258,303)	-	(258,303)
Other expenditures:						
AEA flowthrough	595,391	-	595,391	-	-	-
Depreciation (unallocated)*	798,375	-	-	(798,375)	-	(798,375)
	<u>1,393,766</u>	<u>-</u>	<u>595,391</u>	<u>(798,375)</u>	<u>-</u>	<u>(798,375)</u>
Total governmental activities	<u>21,887,118</u>	<u>3,478,923</u>	<u>2,981,743</u>	<u>(15,426,452)</u>	<u>-</u>	<u>(15,426,452)</u>
Business type activities:						
Non-instructional programs:						
Food service operations	755,496	96,043	736,559	-	77,106	77,106
Community service operations	4,060	-	-	-	(4,060)	(4,060)
Total business type activities	<u>759,556</u>	<u>96,043</u>	<u>736,559</u>	<u>-</u>	<u>73,046</u>	<u>73,046</u>
Total	<u>\$ 22,646,674</u>	<u>3,574,966</u>	<u>3,718,302</u>	<u>(15,426,452)</u>	<u>73,046</u>	<u>(15,353,406)</u>
<b>General Revenues:</b>						
Property tax levied for:						
General purposes				\$ 5,103,228	-	5,103,228
Debt service				1,422,254	-	1,422,254
Capital outlay				256,865	-	256,865
Income surtax				1,086,546	-	1,086,546
Statewide sales, services and use tax				1,273,723	-	1,273,723
Unrestricted state grants				7,783,314	-	7,783,314
Unrestricted investment earnings				56,134	554	56,688
Other				106,076	10,770	116,846
Total general revenues				<u>17,088,140</u>	<u>11,324</u>	<u>17,099,464</u>
Change in net position				1,661,688	84,370	1,746,058
Net position beginning of year				10,394,568	(126,318)	10,268,250
Net position end of year				<u>\$ 12,056,256</u>	<u>(41,948)</u>	<u>12,014,308</u>

\* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General	Capital Projects	Debt Service	Nonmajor	Total
<b>Assets</b>					
Cash and pooled investments	\$ 5,253,550	1,760,656	114,636	1,339,308	8,468,150
Receivables:					
Property tax:					
Delinquent	25,074	1,395	7,710	3,172	37,351
Succeeding year	4,721,341	409,677	1,466,299	465,002	7,062,319
Income surtax	546,585	546,585	-	-	1,093,170
Accounts	22,723	-	-	-	22,723
Due from other governments	1,118,417	106,669	-	-	1,225,086
<b>Total assets</b>	<b>\$ 11,687,690</b>	<b>2,824,982</b>	<b>1,588,645</b>	<b>1,807,482</b>	<b>17,908,799</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 124,199	73,503	-	4,757	202,459
Salaries and benefits payable	2,138,560	-	-	-	2,138,560
Total liabilities	2,262,759	73,503	-	4,757	2,341,019
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	4,721,341	409,677	1,466,299	465,002	7,062,319
Income surtax	546,585	546,585	-	-	1,093,170
Total deferred inflows of resources	5,267,926	956,262	1,466,299	465,002	8,155,489
Fund balances:					
Restricted for:					
Categorical funding	598,006	-	-	-	598,006
Debt service	-	-	122,346	-	122,346
Management levy purposes	-	-	-	1,064,984	1,064,984
Student activities	-	-	-	272,739	272,739
School infrastructure	-	1,419,094	-	-	1,419,094
Physical plant and equipment	-	376,123	-	-	376,123
Unassigned	3,558,999	-	-	-	3,558,999
Total fund balances	4,157,005	1,795,217	122,346	1,337,723	7,412,291
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 11,687,690</b>	<b>2,824,982</b>	<b>1,588,645</b>	<b>1,807,482</b>	<b>17,908,799</b>

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2021

<b>Total fund balances of governmental funds (page 20)</b>		\$ 7,412,291
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		21,759,945
Accounts receivable income surtax is not available to finance expenditures of the current year and, therefore, is recognized as deferred inflows of resources in the governmental funds.		1,093,170
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 government funds.		(12,942)
Pension and OPEB 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	\$ 2,535,938	
Deferred inflows of resources	<u>(456,416)</u>	2,079,522
Long-term liabilities, including general obligation bonds payable, revenue bonds payable, termination benefits payable, compensated absences payable, net pension liability and total OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(20,275,730)</u>
<b>Net position of governmental activities (page 18)</b>		<b><u>\$ 12,056,256</u></b>

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2021

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 4,949,011	675,792	1,422,254	573,144	7,620,201
Tuition	3,026,474	-	-	-	3,026,474
Other	340,033	13,568	8,036	253,022	614,659
State sources	8,904,058	1,276,294	14,236	5,926	10,200,514
Federal sources	1,838,266	-	-	-	1,838,266
Total revenues	19,057,842	1,965,654	1,444,526	832,092	23,300,114
Expenditures:					
Current:					
Instruction:					
Regular	6,976,688	251,119	-	233,575	7,461,382
Special	2,569,622	-	-	-	2,569,622
Other	3,245,325	-	-	217,262	3,462,587
	12,791,635	251,119	-	450,837	13,493,591
Support services:					
Student	466,923	-	-	-	466,923
Instructional staff	769,572	86,083	-	-	855,655
Administration	2,049,616	9,207	-	-	2,058,823
Operation and maintenance of plant	1,434,948	21,763	-	243,801	1,700,512
Transportation	757,862	291,570	-	50,836	1,100,268
	5,478,921	408,623	-	294,637	6,182,181
Capital outlay	-	656,807	-	-	656,807
Long-term debt:					
Principal	-	-	1,528,000	-	1,528,000
Interest and fiscal charges	-	-	263,499	-	263,499
	-	-	1,791,499	-	1,791,499
Other expenditures:					
AEA flowthrough	595,391	-	-	-	595,391
Total expenditures	18,865,947	1,316,549	1,791,499	745,474	22,719,469
Excess (Deficiency) of revenues over (under) expenditures	191,895	649,105	(346,973)	86,618	580,645
Other financing sources (uses):					
Insurance proceeds	2,305	15,017	-	-	17,322
Proceeds from the sale of equipment	42,427	-	-	-	42,427
Transfer in	-	-	385,380	-	385,380
Transfer out	-	(385,380)	-	-	(385,380)
Total other financing sources (uses)	44,732	(370,363)	385,380	-	59,749
Change in fund balances	236,627	278,742	38,407	86,618	640,394
Fund balances beginning of year	3,920,378	1,516,475	83,939	1,251,105	6,771,897
Fund balances end of year	\$ 4,157,005	1,795,217	122,346	1,337,723	7,412,291

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021

**Change in fund balances - total governmental funds (page 22)** \$ 640,394

***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. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Capital outlay	\$ 869,704	
Depreciation expense	(1,162,481)	(292,777)

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 248,692

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in Statement of Net Position. 1,528,000

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. 5,196

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. 1,039,343

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	119,100	
Compensated absences	2,817	
Pension expense	(1,521,741)	
Total OPEB liability and related expenses	(107,336)	(1,507,160)

**Change in net position of governmental activities (page 19)** \$ 1,661,688

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021

	Business Type Activities: Enterprise Funds		
	School Nutrition	Alumni & Friends	Total
<b>Assets</b>			
Current assets:			
Cash and pooled investments	\$ 209,373	4,709	214,082
Due from other governments	1,830	-	1,830
Inventories	34,178	-	34,178
<b>Total current assets</b>	<b>245,381</b>	<b>4,709</b>	<b>250,090</b>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	75,520	-	75,520
<b>Total assets</b>	<b>320,901</b>	<b>4,709</b>	<b>325,610</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	43,345	-	43,345
OPEB related deferred outflows	8,639	-	8,639
<b>Total deferred outflows of resources</b>	<b>51,984</b>	<b>-</b>	<b>51,984</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	3,285	-	3,285
Salaries and benefits payable	49,565	-	49,565
Unearned revenue	32,037	-	32,037
<b>Total current liabilities</b>	<b>84,887</b>	<b>-</b>	<b>84,887</b>
Noncurrent liabilities:			
Net pension liability	174,866	-	174,866
Total OPEB liability	145,777	-	145,777
<b>Total noncurrent liabilities</b>	<b>320,643</b>	<b>-</b>	<b>320,643</b>
<b>Total liabilities</b>	<b>405,530</b>	<b>-</b>	<b>405,530</b>
<b>Deferred Inflows of Resources</b>			
Pension related deferred inflows	4,353	-	4,353
OPEB related deferred inflows	9,659	-	9,659
<b>Total deferred inflows of resources</b>	<b>14,012</b>	<b>-</b>	<b>14,012</b>
<b>Net Position</b>			
Net investment in capital assets	75,520	-	75,520
Unrestricted	(122,177)	4,709	(117,468)
<b>Total net position</b>	<b>\$ (46,657)</b>	<b>4,709</b>	<b>(41,948)</b>

SEE NOTES TO FINANCIAL STATEMENTS.



MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2021

	Business Type Activities:		
	Enterprise Funds		
	School Nutrition	Alumni & Friends	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 94,673	1,370	96,043
Miscellaneous	4,211	6,559	10,770
Total operating revenues	<u>98,884</u>	<u>7,929</u>	<u>106,813</u>
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	202,477	-	202,477
Benefits	65,588	-	65,588
Supplies	474,479	-	474,479
Depreciation	12,952	-	12,952
	<u>755,496</u>	<u>-</u>	<u>755,496</u>
Community service operations:			
Services	-	811	811
Supplies	-	3,249	3,249
	<u>-</u>	<u>4,060</u>	<u>4,060</u>
Total operating expenses	<u>755,496</u>	<u>4,060</u>	<u>759,556</u>
Operating income (loss)	<u>(656,612)</u>	<u>3,869</u>	<u>(652,743)</u>
Non-operating revenues:			
State sources	5,445	-	5,445
Federal sources	731,114	-	731,114
Interest income	554	-	554
Total non-operating revenues	<u>737,113</u>	<u>-</u>	<u>737,113</u>
Change in net position	80,501	3,869	84,370
Net position beginning of year	<u>(127,158)</u>	<u>840</u>	<u>(126,318)</u>
Net position end of year	<u>\$ (46,657)</u>	<u>4,709</u>	<u>(41,948)</u>

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2021

	Business Type Activities: Enterprise Funds		
	School Nutrition	Alumni & Friends	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 95,739	-	95,739
Cash received from community service operations	-	1,475	1,475
Cash received from miscellaneous	4,211	6,559	10,770
Cash payments to employees for services	(254,635)	-	(254,635)
Cash payments to suppliers for goods or services	(424,199)	(4,130)	(428,329)
Net cash provided by (used in) operating activities	(578,884)	3,904	(574,980)
Cash flows from non-capital financing activities:			
State grants received	4,229	-	4,229
Federal grants received	679,224	-	679,224
Net cash provided by non-capital financing activities	683,453	-	683,453
Cash flows from investing activities:			
Interest on investments	554	-	554
Net increase in cash and pooled investments	105,123	3,904	109,027
Cash and pooled investments beginning of year	104,250	805	105,055
Cash and pooled investments end of year	\$ 209,373	4,709	214,082
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (656,612)	3,869	(652,743)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Commodities consumed	81,952	-	81,952
Depreciation	12,952	-	12,952
Change in assets and liabilities:			
Inventories	(25,800)	-	(25,800)
Accounts receivable	-	105	105
Accounts payable	(5,872)	(70)	(5,942)
Salaries and benefits payable	(1,312)	-	(1,312)
Net pension liability	20,243	-	20,243
Deferred outflows of resources	(2,148)	-	(2,148)
Deferred inflows of resources	(19,659)	-	(19,659)
Unearned revenue	1,066	-	1,066
Total OPEB liability	16,306	-	16,306
Net cash provided by (used in) operating activities	\$ (578,884)	3,904	(574,980)

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

During the year ended June 30, 2021, the District received \$81,952 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2021

	<u>Custodial</u>
<b>Assets</b>	
Due from other governments	<u>\$ 47,851</u>
<b>Liabilities</b>	
Accounts payable	<u>47,851</u>
<b>Net Position</b>	
Restricted for other organizations	<u><u>\$ -</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
YEAR ENDED JUNE 30, 2021

	<u>Custodial</u>
Additions:	
Federal sources	<u>\$ 47,851</u>
Deductions:	
Instruction:	
Other	<u>47,851</u>
Change in net position	-
Net position beginning of year	<u>-</u>
Net position end of year	<u><u>\$ -</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**(1) Summary of Significant Accounting Policies**

Mid-Prairie Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades preschool through twelve. The geographic area served includes the Cities of Wellman, Kalona, and West Chester, Iowa, and the agricultural territory in Washington, Johnson, and Iowa Counties. The District is governed by a Board of Education whose members are elected at large, 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, Mid-Prairie 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 Mid-Prairie Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do 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 Washington and Johnson County Assessors' Conference Boards.

**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 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. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

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

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

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

The District also reports the following nonmajor proprietary funds:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The Enterprise, Alumni & Friends Fund is used to account for the dues and donations to defray costs for alumni newsletters and maintaining a contact list for the District.

The District also reports the following fiduciary fund which focuses on net position and changes in net position. The District's fiduciary fund is the following:

The Custodial Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments.

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

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

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

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

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

Cash, Pooled Investments and Cash Equivalents - 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 cost.

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 the governmental funds is accounted for using the modified accrual basis of accounting.

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

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

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

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

Capital Assets - Capital assets, which include property, machinery and equipment and intangibles acquired after July 1, 1980 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.

Asset Class	Amount
Land	\$ -
Buildings	2,500
Land improvements	2,500
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	20-40 years
Land improvements	10 years
Intangibles	2 or more years
Machinery and equipment	4-12 years

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 and OPEB 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 is payable in July, have been accrued as liabilities when applicable.

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

Unearned Revenues - Unearned revenues are monies collected for lunches that have not yet been served. Patrons will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Position in the Proprietary, School Nutrition Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.



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 associated with IPERS and attributable to the governmental activities will be paid primarily from the General Fund while the portion attributable to the business type activities will be paid from the School Nutrition Fund.

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the 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 while the liability attributable to the business type activities will be paid primarily by the 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 receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized as revenue 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 and OPEB expense.

Fund Equity - 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 imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in the preceding classifications.

#### E. Budgets and Budgetary Accounting

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

#### **(2) Cash and Pooled Investments**

The District's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. At June 30, 2021, the District had no such investments.

### (3) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 714,909	-	-	714,909
Construction in progress	-	52,020	-	52,020
Total capital assets not being depreciated	714,909	52,020	-	766,929
Capital assets being depreciated:				
Buildings	31,666,231	333,712	141,853	31,858,090
Land improvements	1,195,288	97,779	51,178	1,241,889
Machinery and equipment	3,796,077	386,193	160,364	4,021,906
Total capital assets being depreciated	36,657,596	817,684	353,395	37,121,885
Less accumulated depreciation for:				
Buildings	11,882,162	725,626	141,853	12,465,935
Land improvements	727,653	72,749	51,178	749,224
Machinery and equipment	2,709,968	364,106	160,364	2,913,710
Total accumulated depreciation	15,319,783	1,162,481	353,395	16,128,869
Total capital assets being depreciated, net	21,337,813	(344,797)	-	20,993,016
Governmental activities capital assets, net	\$ 22,052,722	(292,777)	-	21,759,945
<b>Business type activities:</b>				
Machinery and equipment	\$ 208,753	-	-	208,753
Less accumulated depreciation	120,281	12,952	-	133,233
Business type activities capital assets, net	\$ 88,472	(12,952)	-	75,520

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 60,391
Support services:	
Instructional staff	14,706
Administration	5,097
Operation and maintenance of plant	40,206
Transportation	243,706
	364,106
Unallocated depreciation	798,375
Total governmental activities depreciation expense	\$ 1,162,481
Business type activities:	
Food service operations	\$ 12,952

### (4) Construction Commitment

The District entered into contracts totaling \$108,000 for the bus shed and HVAC projects. As of June 30, 2021, costs of \$52,020 had been incurred against the contracts. The balance of \$55,980 remaining at June 30, 2021 will be paid as work on the projects progresses.

**(5) Interfund Transfers**

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 385,380</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed for the principal and interest payment for the District's revenue bond indebtedness.

**(6) Long-Term Liabilities**

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 6,160,000	-	1,195,000	4,965,000	630,000
Revenue bonds	2,878,000	-	333,000	2,545,000	344,000
Termination benefits	145,100	26,000	145,100	26,000	26,000
Compensated absences	29,884	27,067	29,884	27,067	27,067
Net pension liability	7,694,273	1,634,458	-	9,328,731	-
Total OPEB liability	3,259,818	124,114	-	3,383,932	-
Total	<u>\$ 20,167,075</u>	<u>1,811,639</u>	<u>1,702,984</u>	<u>20,275,730</u>	<u>1,027,067</u>
<b>Business type activities:</b>					
Net pension liability	\$ 154,623	20,243	-	174,866	-
Total OPEB liability	129,471	16,306	-	145,777	-
Total	<u>\$ 284,094</u>	<u>36,549</u>	<u>-</u>	<u>320,643</u>	<u>-</u>

General Obligation Bonds Payable

Details of the District's June 30, 2021 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bonds issued August 1, 2014				
	Interest Rate	Principal	Interest	Total	
2022	3.00	% \$ 630,000	155,300	785,300	
2023	3.00	645,000	136,400	781,400	
2024	3.00	665,000	117,050	782,050	
2025	3.00	685,000	97,100	782,100	
2026	3.00	705,000	76,550	781,550	
2027-2029	3.25-3.50	1,635,000	92,500	1,727,500	
Total		<u>\$ 4,965,000</u>	<u>674,900</u>	<u>5,639,900</u>	

In addition to the scheduled payments of \$615,000 in principal and \$217,650 in interest, the District called \$580,000 in principal of the Series 2014 bonds originally maturing June 1, 2029 with proceeds from an additional debt service levy collected during the year ended June 30, 2021. The interest cost savings resulting from the early extinguishment is \$162,400.

During the year ended June 30, 2021, as part of its budgeting process the District approved an additional debt service levy of \$680,000 to be collected in fiscal year 2022. The surplus levy will be used to refund the remaining \$155,000 in principal originally maturing June 1, 2029 and \$525,000 in principal originally maturing June 1, 2028 of the general obligation bonds issued August 1, 2014. The anticipated interest cost savings provided by this surplus levy is \$148,225.

## Revenue Bonds Payable

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

Year Ending June 30,	Bonds issued October 29, 2019				
	Interest Rate		Principal	Interest	Total
2022	1.82	% \$	344,000	46,319	390,319
2023	1.82		349,000	40,058	389,058
2024	1.82		354,000	33,706	387,706
2025	1.82		363,000	27,264	390,264
2026	1.82		371,000	20,657	391,657
2027-2028	1.82		764,000	20,912	784,912
Total			<u>\$ 2,545,000</u>	<u>188,916</u>	<u>2,733,916</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,187,000 bond issued October 29, 2019. The bonds were issued for the purpose of refunding Series 2010 bonds. The bonds are payable solely from the proceeds of the statewide sales, services and use tax received by the District and are payable through 2028. 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 nearly 31% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$2,733,916. For the current year, \$333,000 in principal and interest of \$52,380 on the bonds and total statewide sales, services and use tax revenues were \$1,273,723.

## Termination Benefits

In December 2020, the District approved a voluntary early retirement plan to its full-time employees. Eligible employees must have completed at least ten consecutive years of full-time service to the District and have been at least age fifty-five on or before June 30, 2021. The application for early retirement was subject to approval by the Board of Education.

Early retirement benefits equal \$200 multiplied by the employee's number of unused sick days remaining at retirement. The benefits will be paid with a one-time installment during fiscal year 2022.

At June 30, 2021, the District had outstanding obligations to one participant with a total liability of \$26,000.

As part of the fiscal year 2021 early retirement offering, eligible certified employees were also awarded \$655 per month of District contributions toward insurance premiums for continued coverage in the District's health plan until the employee reaches Medicare eligibility. However, the health insurance benefit is included by the District's actuary as a direct subsidy in the District's OPEB valuation and, therefore, is not included in the liability for termination benefits described above.

## **(7) Pension Plan**

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

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

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

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

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

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

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

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2021 were \$1,058,394.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the District reported a liability of \$9,503,597 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the District's proportion was 0.0135288%, which was a decrease of 0.000256% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$1,539,814. At June 30, 2021, 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	\$ 10,499	225,259
Changes of assumptions	487,817	-
Net difference between projected and actual earnings on IPERS' investments	534,254	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	287,771	11,280
District contributions subsequent to the measurement date	1,058,394	-
Total	<u>\$ 2,378,735</u>	<u>236,539</u>

\$1,058,394 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2022	\$ 224,307
2023	294,205
2024	230,558
2025	329,047
2026	5,685
Total	<u>\$ 1,083,802</u>

There were no non-employer contributing entities at IPERS.

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.



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

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

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	\$ 15,846,446	9,503,597	4,185,215

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

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

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

OPEB Benefits - Individuals who are employed by the 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. The District also provides contributions to health insurance premiums for retirees from the voluntary early retirement plan, which resulted in a direct subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. As of May 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	215
Active employees	<u>16</u>
Total	<u>231</u>

Total OPEB Liability - The District's total OPEB liability of \$3,529,709 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

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

Rate of inflation	3.00% per annum.
Rates of salary increase	3.25% per annum, including inflation.
Discount rate	2.16% compounded annually, including inflation.
Healthcare cost trend rate	5.50% initial rate decreasing annually to an ultimate rate of 4.5%

Discount Rate - The discount rate used to measure the total OPEB liability was 2.16% 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 Pub-2010 mortality table with generational scale MP-2019. Annual termination and retirement probabilities are based on varying rates by age and turnover probabilities from the IPERS Actuarial Valuation as of June 30, 2019.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 3,389,289
Changes for the year:	
Service cost	262,286
Interest	78,331
Changes in assumptions	14,216
Benefit payments	<u>(214,413)</u>
Net changes	140,420
Total OPEB liability end of year	<u>\$ 3,529,709</u>

Changes of assumptions reflect a change in the discount rate from 2.21% in fiscal year 2020 to 2.16% in fiscal year 2021.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate 1% lower (1.21%) or 1% higher (3.21%) than the current discount rate.

	<u>1%</u>	<u>Discount</u>	<u>1%</u>
	Decrease	Rate	Increase
	(1.16%)	(2.16%)	(3.16%)
Total OPEB liability	\$ 3,802,000	3,529,709	3,258,000



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 well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates 1% lower (5.50%) or 1% higher (7.50%) than the current healthcare cost trend rates.

	1% Decrease (4.50%)	Healthcare Cost Trend Rate (5.50%)	1% Increase (6.50%)
Total OPEB liability	\$ 3,109,000	3,529,709	3,999,000

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2021, the District recognized OPEB expense of \$337,469. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	183,619
Changes in assumptions	209,187	50,270
Total	\$ 209,187	233,889

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	Amount
2022	\$ (3,148)
2023	(3,148)
2024	(3,148)
2025	(3,148)
2026	(3,148)
Thereafter	(8,962)
Total	\$ (24,702)

## (9) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed in July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical and long-term disability.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2021 were \$1,564,499.

Mid-Prairie Community School 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.

## (10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$595,391 for the year ended June 30, 2021 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

## (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, 2021.

Program	Amount
Home School Assistance Program (HSAP)	\$ 259,112
Gifted and Talented Programs	62,990
Teacher Leadership State Aid	248,378
Teacher Salary Supplement	4,283
Successful Progression for Early Readers	23,243
Total	<u>\$ 598,006</u>

## (12) Reconciliation of Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to net position are as follows:

	Net investment in Capital Assets	Debt Service	Management Levy	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	122,346	1,064,984	3,558,999
Capital assets, net of accumulated depreciation	21,759,945	-	-	-
General obligation bond capitalized indebtedness	(4,965,000)	-	-	-
Revenue bond capitalized indebtedness	(2,545,000)	-	-	-
Accrued interest payable	-	(12,942)	-	-
Income surtax	-	-	-	1,093,170
Termination benefits	-	-	(26,000)	-
Compensated absences	-	-	-	(27,067)
Pension related deferred outflows	-	-	-	2,335,390
Pension related deferred inflows	-	-	-	(232,186)
Net pension liability	-	-	-	(9,328,731)
Total OPEB liability	-	-	-	(3,383,932)
OPEB related deferred outflows	-	-	-	200,548
OPEB related deferred inflows	-	-	-	(224,230)
Net position (Exhibit A)	<u>\$ 14,249,945</u>	<u>109,404</u>	<u>1,038,984</u>	<u>(6,008,039)</u>

## (13) COVID-19

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

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

**(14) Tax Abatements**

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

Tax Abatements of Other Entities

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2021 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Kalona	Urban Renewal and Economic Development Projects	\$ 18,372
City of Wellman	Urban Renewal and Economic Development Projects	\$ 2,487

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2021, this reimbursement amounted to \$11,585.

**(15) Accounting Change**

Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity.

**(16) Prospective Accounting Change**

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



## REQUIRED SUPPLEMENTARY INFORMATION

MID-PRAIRIE 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  
 YEAR ENDED JUNE 30, 2021

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Funds Actual		Original	Final	
<b>Revenues:</b>						
Local sources	\$ 11,261,334	107,367	11,368,701	13,017,246	13,017,246	(1,648,545)
State sources	10,200,514	5,445	10,205,959	8,721,588	8,721,588	1,484,371
Federal sources	1,838,266	731,114	2,569,380	1,185,000	1,185,000	1,384,380
Total revenues	<u>23,300,114</u>	<u>843,926</u>	<u>24,144,040</u>	<u>22,923,834</u>	<u>22,923,834</u>	<u>1,220,206</u>
<b>Expenditures/Expenses:</b>						
Instruction	13,493,591	-	13,493,591	13,360,000	15,000,000	1,506,409
Support services	6,182,181	-	6,182,181	7,565,000	7,565,000	1,382,819
Non-instructional programs	-	759,556	759,556	805,000	805,000	45,444
Other expenditures	3,043,697	-	3,043,697	3,243,238	3,243,238	199,541
Total expenditures/expenses	<u>22,719,469</u>	<u>759,556</u>	<u>23,479,025</u>	<u>24,973,238</u>	<u>26,613,238</u>	<u>3,134,213</u>
Excess (Deficiency) of revenues over (under) expenditures/expenses	580,645	84,370	665,015	(2,049,404)	(3,689,404)	4,354,419
Other financing sources, net	59,749	-	59,749	-	-	59,749
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	640,394	84,370	724,764	(2,049,404)	(3,689,404)	4,414,168
Balances beginning of year	<u>6,771,897</u>	<u>(126,318)</u>	<u>6,645,579</u>	<u>5,180,724</u>	<u>5,180,724</u>	<u>1,464,855</u>
Balances end of year	<u>\$ 7,412,291</u>	<u>(41,948)</u>	<u>7,370,343</u>	<u>3,131,320</u>	<u>1,491,320</u>	<u>5,879,023</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2021

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard 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 and Custodial Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures 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 adopted one budget amendment, increasing budgeted expenditures by \$1,640,000.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST SEVEN YEARS\*  
REQUIRED SUPPLEMENTARY INFORMATION

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.135288%	0.135544%	0.133669%	0.125309%	0.125479%	0.130221%	0.128599%
District's proportionate share of the net pension liability	\$ 9,503,597	7,848,896	8,458,888	8,347,220	7,896,762	6,433,526	5,100,096
District's covered payroll	\$ 10,728,220	10,315,416	10,050,239	9,353,771	9,004,809	8,912,625	8,413,998
District's proportionate share of the net pension liability as a percentage of its covered payroll	88.59%	76.09%	84.17%	89.24%	87.69%	72.18%	60.61%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST TEN YEARS  
REQUIRED SUPPLEMENTARY INFORMATION

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 1,058,394	1,012,744	973,776	897,487	835,292	804,129	795,897	751,370	697,813	619,459
Contributions in relation to the statutorily required contribution	(1,058,394)	(1,012,744)	(973,776)	(897,487)	(835,292)	(804,129)	(795,897)	(751,370)	(697,813)	(619,459)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 11,211,800	10,728,220	10,315,416	10,050,239	9,353,771	9,004,809	8,912,625	8,413,998	8,048,593	7,676,072
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2019 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2019:

- 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.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S  
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES  
FOR THE LAST FOUR YEARS  
REQUIRED SUPPLEMENTARY INFORMATION

	2021	2020	2019	2018
Service cost	\$ 262,286	237,863	217,908	209,789
Interest cost	78,331	120,334	122,187	118,586
Differences between expected and actual experience	-	(220,908)	-	-
Changes in assumptions	14,216	142,381	102,424	(73,952)
Benefit payments	(214,413)	(181,248)	(182,056)	(156,973)
Net change in total OPEB liability	140,420	98,422	260,463	97,450
Total OPEB liability beginning of year	3,389,289	3,290,867	3,030,404	2,932,954
Total OPEB liability end of year	\$ 3,529,709	3,389,289	3,290,867	3,030,404
Covered-employee payroll	\$ 9,985,000	9,693,874	9,791,000	9,414,000
Total OPEB liability as a percentage of covered-employee payroll	35.35%	34.96%	33.61%	32.19%

**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.

Reporting period ended June 30, 2021	2.16%
Reporting period ended June 30, 2020	2.21%
Reporting period ended June 30, 2019	3.50%
Reporting period ended June 30, 2018	3.87%
Reporting period ended June 30, 2017	3.58%



## SUPPLEMENTARY INFORMATION

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2021

	Special Revenue		
	Management Levy	Student Activity	Total
<b>Assets</b>			
Cash and pooled investments	\$ 1,061,812	277,496	1,339,308
Receivables:			
Property tax:			
Delinquent	3,172	-	3,172
Succeeding year	465,002	-	465,002
<b>Total assets</b>	<b>\$ 1,529,986</b>	<b>277,496</b>	<b>1,807,482</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	4,757	4,757
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property taxes	465,002	-	465,002
Fund balances:			
Restricted for:			
Management levy purposes	1,064,984	-	1,064,984
Student activities	-	272,739	272,739
Total fund balances	1,064,984	272,739	1,337,723
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,529,986</b>	<b>277,496</b>	<b>1,807,482</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2021

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 573,144	-	573,144
Other	7,616	245,406	253,022
State sources	5,926	-	5,926
Total revenues	<u>586,686</u>	<u>245,406</u>	<u>832,092</u>
Expenditures:			
Current:			
Instruction:			
Regular	233,575	-	233,575
Other	-	217,262	217,262
Support services:			
Operation and maintenance of plant	243,801	-	243,801
Transportation	50,836	-	50,836
Total expenditures	<u>528,212</u>	<u>217,262</u>	<u>745,474</u>
Change in fund balances	58,474	28,144	86,618
Fund balances beginning of year	<u>1,006,510</u>	<u>244,595</u>	<u>1,251,105</u>
Fund balances end of year	<u>\$ 1,064,984</u>	<u>272,739</u>	<u>1,337,723</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUND ACCOUNTS  
JUNE 30, 2021

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 1,382,261	378,395	1,760,656
Receivables:			
Property tax:			
Delinquent	-	1,395	1,395
Succeeding year	-	409,677	409,677
Income surtax	-	546,585	546,585
Due from other governments	106,669	-	106,669
<b>Total assets</b>	<b>\$ 1,488,930</b>	<b>1,336,052</b>	<b>2,824,982</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 69,836	3,667	73,503
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	409,677	409,677
Income surtax	-	546,585	546,585
Total deferred inflows of resources	-	956,262	956,262
Fund balances:			
Restricted for:			
School infrastructure	1,419,094	-	1,419,094
Physical plant and equipment	-	376,123	376,123
Total fund balances	1,419,094	376,123	1,795,217
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,488,930</b>	<b>1,336,052</b>	<b>2,824,982</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUND ACCOUNTS  
 YEAR ENDED JUNE 30, 2021

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	675,792	675,792
Other	8,503	5,065	13,568
State sources	1,273,723	2,571	1,276,294
Total revenues	<u>1,282,226</u>	<u>683,428</u>	<u>1,965,654</u>
Expenditures:			
Current:			
Instruction:			
Regular	185,417	65,702	251,119
Support services:			
Instructional staff	60,068	26,015	86,083
Administration	2,121	7,086	9,207
Operation and maintenance of plant	3,251	18,512	21,763
Transportation	7,526	284,044	291,570
Capital outlay	267,627	389,180	656,807
Total expenditures	<u>526,010</u>	<u>790,539</u>	<u>1,316,549</u>
Excess (Deficiency) of revenues over (under) expenses	756,216	(107,111)	649,105
Other financing sources (uses):			
Insurance proceeds	-	15,017	15,017
Transfer out	(385,380)	-	(385,380)
Total other financing sources (uses)	<u>(385,380)</u>	<u>15,017</u>	<u>(370,363)</u>
Change in fund balances	370,836	(92,094)	278,742
Fund balances beginning of year	<u>1,048,258</u>	<u>468,217</u>	<u>1,516,475</u>
Fund balances end of year	<u>\$ 1,419,094</u>	<u>376,123</u>	<u>1,795,217</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2021

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Drama Workshop	\$ 881	10,629	9,715	1,795
Athletics	91,638	47,500	75,097	64,041
Athletics (Donations)	38,197	75,000	29,362	83,835
Annual	21,320	5,274	5,238	21,356
Soccer Fundraiser	8,178	-	-	8,178
Class of 2019	3	-	3	-
Class of 2021	290	-	290	-
Class of 2022	-	1,727	1,503	224
Renaissance	4,897	2,000	-	6,897
Post Prom	96	400	-	496
FFA	7,247	36,624	29,395	14,476
Cheerleading	67	-	-	67
Dance Team	22,280	170	236	22,214
Baseball	74	4,317	3,189	1,202
Boys Basketball	1,442	365	894	913
Girls Basketball	3,195	745	3,021	919
Football	7,369	15,646	16,883	6,132
Girls Golf	838	520	600	758
Boys Golf	289	336	625	-
Boys Soccer	10,051	748	2,909	7,890
Girls Soccer	4,379	748	1,742	3,385
Cross Country	1,225	606	-	1,831
Softball	2,988	7,163	4,941	5,210
Girls Track	1,877	1,327	642	2,562
Boys Track	908	1,126	684	1,350
Volleyball	4,975	20,838	18,852	6,961
Wrestling	1,112	956	808	1,260
FCCLA	5,764	10,137	8,440	7,461
FCCLA (District 6 President)	2,346	240	2,001	585
HS Student Council	669	264	192	741
<b>Total</b>	<b>\$ 244,595</b>	<b>245,406</b>	<b>217,262</b>	<b>272,739</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
 ALL GOVERNMENTAL FUNDS  
 FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Local sources:										
Local tax	\$ 7,620,201	7,880,795	7,541,335	7,390,189	7,119,238	6,361,289	5,566,305	5,246,273	6,119,420	6,578,585
Tuition	3,026,474	2,596,589	2,347,606	2,228,469	2,117,122	1,602,052	1,500,645	1,451,238	1,376,781	1,418,826
Other	614,659	665,738	967,446	859,220	801,024	1,112,112	877,358	625,157	946,531	951,990
State sources	10,200,514	9,902,241	9,488,004	9,247,897	8,769,920	8,481,145	8,473,471	8,418,512	6,324,546	6,164,254
Federal sources	1,838,266	596,197	658,413	680,736	878,813	690,173	668,429	642,624	635,973	1,083,026
<b>Total</b>	<b>\$ 23,300,114</b>	<b>21,641,560</b>	<b>21,002,804</b>	<b>20,406,511</b>	<b>19,686,117</b>	<b>18,246,771</b>	<b>17,086,208</b>	<b>16,383,804</b>	<b>15,403,251</b>	<b>16,196,681</b>
Expenditures:										
Instruction:										
Regular	\$ 7,461,382	7,155,428	7,183,998	6,907,579	6,865,017	6,705,207	6,985,348	6,741,838	6,688,700	5,624,107
Special	2,569,622	2,545,626	2,372,346	2,170,994	1,956,236	1,685,583	1,834,457	1,722,126	1,683,398	1,625,087
Other	3,462,587	2,338,413	2,364,242	2,303,400	2,028,398	1,905,934	1,902,879	1,894,167	1,810,855	2,024,754
Support services:										
Student	466,923	385,202	401,084	351,305	402,736	338,292	360,165	260,080	202,776	194,901
Instructional staff	855,655	825,302	751,908	718,139	943,421	598,207	551,474	564,674	540,709	560,597
Administration	2,058,823	2,103,810	1,983,594	2,027,284	1,707,017	1,748,241	1,794,038	1,599,558	1,360,350	1,161,481
Operation and maintenance										
of plant	1,700,512	1,435,124	1,466,300	1,383,976	1,316,941	1,248,399	1,194,020	1,145,504	1,090,448	952,569
Transportation	1,100,268	1,122,703	801,616	1,079,316	883,123	927,968	1,031,390	675,978	836,170	709,609
Capital outlay	656,807	1,114,933	857,183	685,831	4,281,284	6,249,609	2,806,546	706,657	558,908	3,465,414
Long-term debt:										
Principal	1,528,000	5,034,000	1,350,000	1,025,000	1,005,000	980,000	990,000	785,000	550,000	550,000
Interest	263,499	315,052	387,885	407,345	426,945	444,993	411,133	195,307	207,676	319,388
Other expenditures:										
AEA flowthrough	595,391	571,496	552,391	550,386	505,692	512,392	513,721	488,825	457,796	457,982
<b>Total</b>	<b>\$ 22,719,469</b>	<b>24,947,089</b>	<b>20,472,547</b>	<b>19,610,555</b>	<b>22,321,810</b>	<b>23,344,825</b>	<b>20,375,171</b>	<b>16,779,714</b>	<b>15,987,786</b>	<b>17,645,889</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	FY 21	81,952 *
COVID-19 - National School Lunch Program	10.555	FY 21	53,059
Total - National School Lunch Program			<u>135,011</u>
Summer Food Service Program for Children	10.559	FY 21	596,103
Total - Child Nutrition Cluster			<u>731,114</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 21	279,362
Career and Technical Education - Basic Grants to States	84.048	FY 21	18,297
Supporting Effective Instruction State Grants	84.367	FY 21	56,373
Student Support and Academic Enrichment Program	84.424	FY 21	24,526
Education Stabilization Fund:			
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	FY 21	54,929
COVID-19 Elementary and Secondary School Relief (ESSER) Fund	84.425D	FY 20	165,172
COVID-19 Elementary and Secondary School Relief (ESSER) Fund	84.425D	FY 21	913,308
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	FY 21	133,239
Total - Education Stabilization Fund			<u>1,266,648</u>
Grantwood Area Education Agency:			
Special Education Grants to States	84.027	FY 21	59,361
Total			<u>\$ 2,435,681</u>

\* Includes \$81,952 of non-cash awards.

**Basis of Presentation** - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Mid-Prairie Community School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Mid-Prairie Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Mid-Prairie Community School District.

**Summary of Significant Accounting Policies** - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Indirect Cost Rate** - Mid-Prairie Community School District did not elect to use a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
117 West 3rd Street North, Newton, Iowa 50208-3040  
Telephone (641) 792-1910

**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 Mid-Prairie Community School District:**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Mid-Prairie Community School District, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise Mid-Prairie Community School District's basic financial statements, and have issued our report thereon dated March 30, 2022.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-21 that we consider to be a material weakness.

## **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our 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.

## **Mid-Prairie Community School District's Responses to Findings**

Mid-Prairie Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Mid-Prairie Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our 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.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Mid-Prairie Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

March 30, 2022  
Newton, Iowa

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
117 West 3rd Street North, Newton, Iowa 50208-3040  
Telephone (641) 792-1910

**Independent Auditor's Report on Compliance**  
**for Each Major Federal Program and on Internal Control over Compliance**  
**Required by the Uniform Guidance**

To the Board of Education of Mid-Prairie Community School District:

**Report on Compliance for Each Major Federal Program**

We have audited Mid-Prairie Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. Mid-Prairie Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Mid-Prairie Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mid-Prairie Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Mid-Prairie Community School District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Mid-Prairie Community School District complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance


Management of Mid-Prairie Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mid-Prairie Community School District's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mid-Prairie Community School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-21 (2021-001) we consider to be a material weakness.

Mid-Prairie Community School District's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Mid-Prairie Community School District's response was not subjected to the audit procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



NOLTE, CORNMAN & JOHNSON, P.C.

March 30, 2022  
Newton, Iowa



MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) Major programs were as follows:
  - Assistance Listing Number 84.425 - Education Stabilization Fund
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Mid-Prairie Community School District did not qualify as a low-risk auditee.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

II-A-21 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 - We noted one individual has control over one or more of the following areas for the District:

- 1) Cash - bank reconciliations and initiating and recording cash receipt and disbursement transactions.
- 2) Inventories - ordering, receiving, issuing and storing.
- 3) Receipts - maintaining accounts receivable, recording, posting and reconciling.
- 4) Payroll - entering payroll rates and approval, approval of and payment of payroll taxes, write checks, sign checks and post payroll to the general ledger.
- 5) Disbursements - purchase order processing, check preparation, mailing and recording.
- 6) Wire transfers - processing and approval.
- 7) Financial reporting - preparing, reconciling and approval.
- 8) Computer systems - performing all general accounting functions and controlling all data input and output.
- 9) Journal entries - writing, approval and posting.

Cause - The District has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

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

Response - The District has implemented additional controls such as mandatory vacations for accounting staff and the engagement of an independent accounting professional who performs unannounced reviews of the current activities and processes cited above, as well as reviewing the workflow and work area, including electronic and paper files and correspondence, of each employee while on their mandatory vacation. Written reports are provided to the Superintendent after each review visit and added to the employee's personnel file. The District will continue to review internal controls and explore alternatives to improve segregation of duties.

Conclusion - Response accepted.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

**AL Number 84.425: Education Stabilization Fund**  
**Pass-Through Entity Identifying Number: FY20 & FY21**  
**Federal Award Year: 2020 & 2021**  
**Prior Year Finding Number: III-A-20 (2020-001)**  
**U.S. Department of Education**  
**Passed through the Iowa Department of Education**

III-A-21 Segregation of Duties  
(2021-001) One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted one individual has control over portions of one or more of the following areas for the District relating to major federal programs; cash, receipts, payroll, disbursements, financial reporting, computer systems and journal entries. See finding II-A-21.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021

**Part IV: Other Findings Related to Required Statutory Reporting:**

IV-A-21 Certified Budget - District expenditures for the year ended June 30, 2021 did not exceed the amended certified budget amounts.

IV-B-21 Questionable Disbursements - We noted during our audit instances of the District paying sales tax on purchases made with District credit cards. The District is a tax-exempt entity; therefore, expenditures for sales tax would not appear to meet public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review their purchasing and reimbursing procedures currently in place and make the necessary adjustments to comply with the Attorney General's opinion dated April 25, 1979.

Response - Periodically, the District encounters websites that do not honor the District's tax exempt status, particularly in certain states remote to Iowa. Whenever possible, the District avoids purchasing items from those vendors; however, there have been instances when the total cost for a particular item or service from those vendors was less than other websites that do not charge sales tax. In other cases, when employees purchase services or supplies using the District's credit card and incur sales tax, the employees are reminded in advance of their responsibility to reimburse the District for any sales tax paid. We will continue to monitor these situations with the goal of avoiding payment of sales tax.

Conclusion - Response accepted.

IV-C-21 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.

IV-D-21 Business Transactions - No business transactions between the District and District officials or employees were noted.

IV-E-21 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.

IV-F-21 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.

IV-G-21 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-H-21 Certified Enrollment - We noted the enrollment data certified to the Iowa Department of Education was overstated by 1.00 student.

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

Response - The District's auditors will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.

Conclusion - Response accepted.

- IV-I-21 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-J-21 Deposits and Investments - We 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.
- IV-K-21 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-L-21 Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- IV-M-21 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, 2021, the District reported the following information regarding the statewide sales, services, and use tax revenue in the District's CAR:

Beginning balance		\$ 1,048,258
Revenues:		
Sales tax revenues	\$ 1,273,723	
Other local revenues	8,503	1,282,226
		2,330,484
Expenditures/transfers out:		
School infrastructure construction	198,881	
Equipment	213,424	
Other	113,705	
Transfers to other funds:		
Debt Service	385,380	911,390
		911,390
Ending balance		\$ 1,419,094

For the year ended June 30, 2021, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423 F of the Code of Iowa.

- IV-N-21 Contracts - We noted during our audit contracts with athletics officials were not always being signed by the Board President. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts in compliance with Chapter 291.1 of the Code of Iowa.

Response - The District Central Office now reviews all athletic officials' contracts to assure the Board President's signature is on the contracts prior to payment.

Conclusion - Response accepted