

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

JUNE 30, 2022

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Mid-Prairie Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Jeremy Pickard	President	2023
Marianne Schlabach	Vice President	2023
Mary Allred	Board Member	2023
Denise Chittick	Board Member	2023
Gabrielle Frederick	Board Member	2025
Jed Seward	Board Member	2025
Jake Snider	Board Member	2025
School Officials		
Mark Schneider	Superintendent	2022
Jeffrey Swartzentruber	Board Secretary/Treasurer and School Business Official	Indefinite
Holland, Michael, Raiber & Sittig, P.L.C.	Attorney	2022
Ahlers & Cooney, P.C.	Attorney	2022

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Certified Public Accountants
(a professional corporation)
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

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 the Mid-Prairie Community School District as of June 30, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. general accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Mid-Prairie Community School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mid-Prairie Community School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mid-Prairie Community School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mid-Prairie Community School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 16 and 48 through 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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 the nine years ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, 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.

Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 7, 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 August 3, 2023 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.

August 3, 2023
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2022 FINANCIAL HIGHLIGHTS

- The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases, decreasing the governmental activities beginning net position by \$7,763.
- General Fund revenues increased from \$19,102,574 in fiscal year 2021 to \$19,786,350 in fiscal year 2022, while General Fund expenditures increased from \$18,865,947 in fiscal year 2021 to \$19,515,297 in fiscal year 2022. The District's General Fund balance increased from \$4,157,005 at June 30, 2021 to \$4,428,058 at June 30, 2022, an increase of 6.52% from the prior year.
- The increase in General Fund revenues was primarily due to increases in revenues from state funding and federal awards. The increase in total General Fund expenditures was largely due to restricted grant expenditures for operation and maintenance of plant support services.
- The District's total net position increased from \$12,006,545, restated as of July 1, 2021, to \$17,518,293 at June 30, 2022. Total revenues increased 3.39% from \$24,392,732 in fiscal year 2021 to \$25,220,127 in fiscal year 2022, while total expenses decreased 12.97% from \$22,646,674 in fiscal year 2021 to \$19,708,379 in fiscal year 2022.

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.

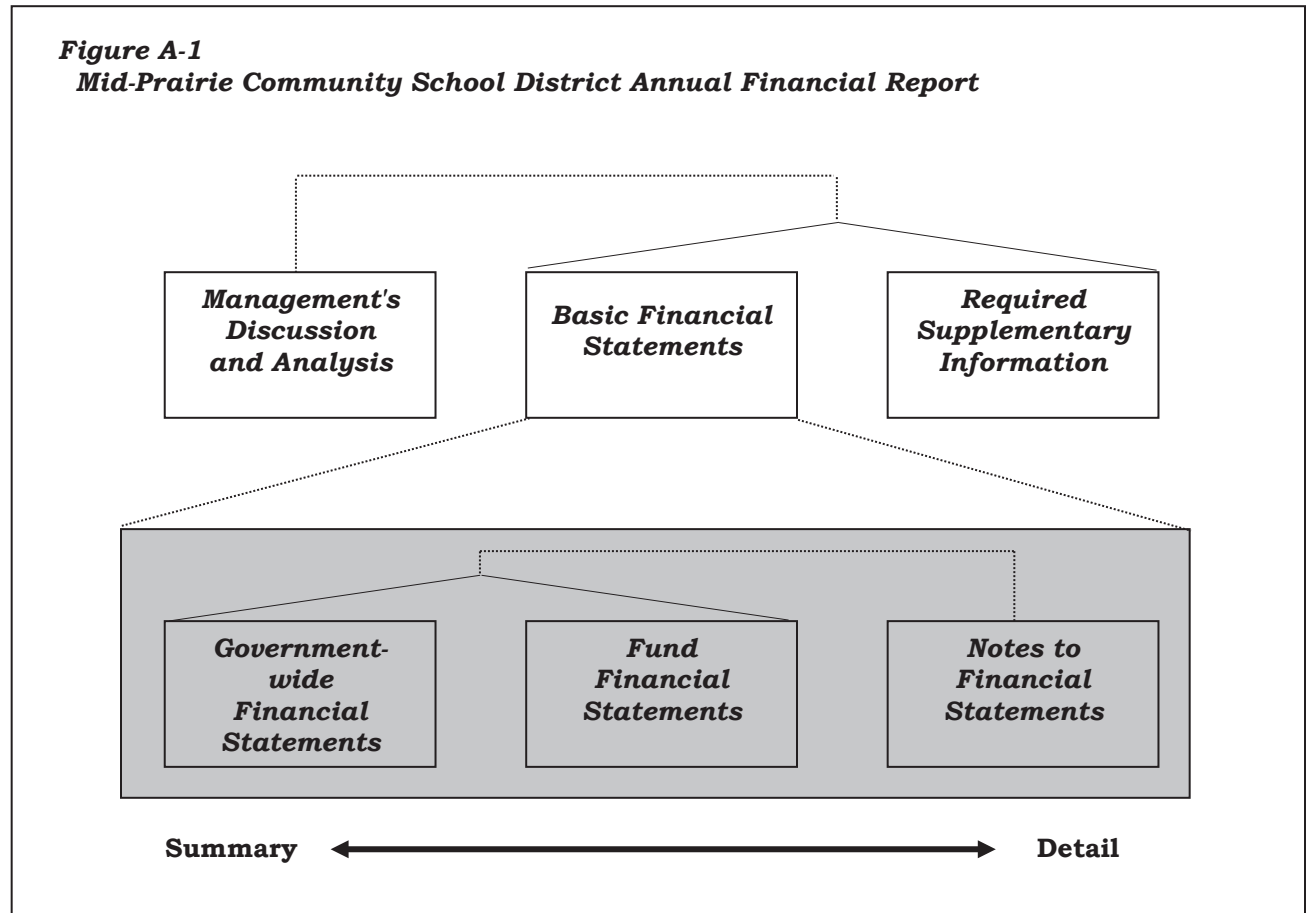


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2				
Major Features of the Government-Wide and Fund Financial Statements				
	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"> · Statement of net position · Statement of activities 	<ul style="list-style-type: none"> · Balance sheet · Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> · Statement of net position · Statement of revenues, expenses and changes in fund net position · Statement of cash flows 	<ul style="list-style-type: none"> · Statement of fiduciary net position · Statement of changes in fiduciary net position
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.

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, 2022 compared to June 30, 2021.

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,
	Restated		Not Restated		Restated		
	2022	2021	2022	2021	2022	2021	2021-22
Current and other assets	\$ 19,135,057	17,908,799	416,362	250,090	19,551,419	18,158,889	7.67%
Capital assets	22,136,602	21,939,067	69,814	75,520	22,206,416	22,014,587	0.87%
Total assets	41,271,659	39,847,866	486,176	325,610	41,757,835	40,173,476	3.94%
Deferred outflows of resources	1,804,089	2,535,938	39,429	51,984	1,843,518	2,587,922	-28.76%
Long-term liabilities	7,215,539	20,462,615	43,793	320,643	7,259,332	20,783,258	-65.07%
Other liabilities	2,616,906	2,353,961	77,576	84,887	2,694,482	2,438,848	10.48%
Total liabilities	9,832,445	22,816,576	121,369	405,530	9,953,814	23,222,106	-57.14%
Deferred inflows of resources	15,936,277	7,518,735	192,969	14,012	16,129,246	7,532,747	114.12%
Net position:							
Net investment in capital assets	16,091,813	14,242,182	69,814	75,520	16,161,627	14,317,702	12.88%
Restricted	4,430,405	3,814,350	-	-	4,430,405	3,814,350	16.15%
Unrestricted	(3,215,192)	(6,008,039)	141,453	(117,468)	(3,073,739)	(6,125,507)	49.82%
Total net position	\$ 17,307,026	12,048,493	211,267	(41,948)	17,518,293	12,006,545	45.91%

The District's total net position increased 45.91%, or \$5,511,748.

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 \$616,055, or 16.15%, from the prior year. This increase was primarily due to increases in the amounts restricted for school infrastructure and physical plant and equipment.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased \$3,051,768, or 49.82%. The increase in unrestricted net position primarily resulted from the decrease 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, 2022 compared to the year ended June 30, 2021.

Figure A-4 Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2022	Not Restated 2021	2022	Not Restated 2021	2022	Not Restated 2021	2021-22
Revenues:							
Program revenues:							
Charges for service	\$ 3,437,556	3,478,923	74,921	96,043	3,512,477	3,574,966	-1.75%
Operating grants, contributions and restricted interest	3,123,229	2,981,743	922,613	736,559	4,045,842	3,718,302	8.81%
Capital grants, contributions and restricted interest	56,304	-	-	-	56,304	-	100.00%
General revenues:							
Property tax	7,078,527	6,782,347	-	-	7,078,527	6,782,347	4.37%
Income surtax	854,293	1,086,546	-	-	854,293	1,086,546	-21.38%
Statewide sales, services and use tax	1,535,730	1,273,723	-	-	1,535,730	1,273,723	20.57%
Unrestricted state grants	7,979,853	7,783,314	-	-	7,979,853	7,783,314	2.53%
Unrestricted investment earnings	25,814	56,134	582	554	26,396	56,688	-53.44%
Other	120,414	106,076	10,291	10,770	130,705	116,846	11.86%
Total revenues	24,211,720	23,548,806	1,008,407	843,926	25,220,127	24,392,732	3.39%
Program expenses:							
Instruction	11,115,881	13,816,170	-	-	11,115,881	13,816,170	-19.54%
Support services	6,194,438	6,418,879	-	-	6,194,438	6,418,879	-3.50%
Non-instructional programs	-	-	755,192	759,556	755,192	759,556	-0.57%
Other expenses	1,642,868	1,652,069	-	-	1,642,868	1,652,069	-0.56%
Total expenses	18,953,187	21,887,118	755,192	759,556	19,708,379	22,646,674	-12.97%
Change in net position	5,258,533	1,661,688	253,215	84,370	5,511,748	1,746,058	215.67%
Net position beginning of year, as restated	12,048,493	10,394,568	(41,948)	(126,318)	12,006,545	10,268,250	16.93%
Net position end of year	<u>\$ 17,307,026</u>	<u>12,056,256</u>	<u>211,267</u>	<u>(41,948)</u>	<u>17,518,293</u>	<u>12,014,308</u>	<u>45.81%</u>

In fiscal year 2022, property tax and unrestricted state grants accounted for 62.19% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 98.92% of the business type activities revenues.

The District's total revenues were approximately \$25.22 million, of which approximately \$24.21 million was for governmental activities and approximately \$1.01 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.39% increase in revenues and a 12.97% decrease in expenses. The increase in total revenues was due in part to an increase in revenues from federal awards compared to the prior year. The decrease in total expenses occurred primarily in the instruction function.

Governmental Activities

Revenues for governmental activities were \$24,211,720 and expenses were \$18,953,187 for the year ended June 30, 2022.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services and other expenses, for the year ended June 30, 2022 compared to those expenses for the year ended June 30, 2021.

Figure A-5						
Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2022	2021	Change 2021-22	2022	2021	Change 2021-22
Instruction	\$ 11,115,881	13,816,170	-19.54%	6,266,777	8,514,720	-26.40%
Support services	6,194,438	6,418,879	-3.50%	5,034,548	5,855,054	-14.01%
Other expenses	1,642,868	1,652,069	-0.56%	1,034,773	1,056,678	-2.07%
Total	<u>\$ 18,953,187</u>	<u>21,887,118</u>	<u>-13.40%</u>	<u>12,336,098</u>	<u>15,426,452</u>	<u>-20.03%</u>

- The cost financed by users of the District's programs was \$3,437,556.
- Federal and state governments along with local sources subsidized certain programs and projects with grants and contributions totaling \$3,179,533.
- The net cost of governmental activities was financed with \$7,078,527 in property tax, \$854,293 in income surtax, \$1,535,730 in statewide sales, services and use tax, \$7,979,853 in unrestricted state grants, \$25,814 in interest income and \$120,414 in other general revenues.

Business Type Activities

Revenues of the District's business type activity were \$1,008,407 and expenses were \$755,192. 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 \$8,289,382, above last year's ending fund balances of \$7,412,291. The primary reason for the increase in combined fund balances is the increase in the Capital Projects Fund balance.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Fund balance increased from \$4,157,005 at June 30, 2021 to \$4,428,058 at June 30, 2022. General Fund total revenues increased due in part to an increase in local tax revenues received. Total General Fund expenditures also increased largely due to restricted grant expenditures for operation and maintenance of plant support services.
- The Capital Projects Fund balance increased from \$1,795,217 at June 30, 2021 to \$2,332,465 at June 30, 2022. Total revenues increased primarily due to increases in revenue from state sources and local tax. Total expenditures also increased due largely to instruction related technology expenditures.
- The District's Debt Service Fund balance increased from \$122,346 at June 30, 2021 to \$141,783 at June 30, 2022. Revenues and expenditures increased modestly from the prior year.

Proprietary Fund Highlights

- The School Nutrition Fund net position improved from deficit \$46,657 at June 30, 2021 to \$205,540 at June 30, 2022. Total expenses did not vary significantly from the prior year, while an increase in federal reimbursements led to an increase in total revenues and the improved fund net position.
- The Alumni & Friends Fund net position increased from \$4,709 at June 30, 2021 to \$5,727 at June 30, 2022.

BUDGETARY HIGHLIGHTS

Over the course of the year, Mid-Prairie Community School District amended its budget one time to reflect additional expenditures..

The District's total revenues were \$1,561,552 more than budgeted revenues, a variance of 6.53%. The largest variance resulted from the District receiving more from federal 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.

In spite of the District's budgetary practice, expenditures in the support services function exceeded the amounts budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had invested \$22,206,416, net of accumulated depreciation/amortization, in a broad range of capital assets, including land, buildings, athletic facilities and transportation equipment. (See Figure A-6) This represents a net increase of 0.87% from the prior year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation/amortization expense for the year was \$1,383,981.

The original cost of the District's capital assets was \$39,711,164. Governmental funds accounted for \$39,494,819, with the remainder of \$216,345 accounted for in the Enterprise, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$206,702 at June 30, 2022, compared to \$52,020 at June 30, 2021. This increase is due to an HVAC upgrade project and projects at the middle school and east elementary buildings started during the year.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2022	Restated 2021	2022	Not Restated 2021	2022	Restated 2021	2021-22
Land	\$ 714,909	714,909	-	-	714,909	714,909	0.00%
Construction in progress	206,702	52,020	-	-	206,702	52,020	297.35%
Buildings	19,321,110	19,392,155	-	-	19,321,110	19,392,155	-0.37%
Land improvements	455,512	492,665	-	-	455,512	492,665	-7.54%
Right-to-use leased equipment	182,125	179,122	-	-	182,125	179,122	1.68%
Machinery and equipment	1,256,244	1,108,196	69,814	75,520	1,326,058	1,183,716	12.03%
Total	<u>\$ 22,136,602</u>	<u>21,939,067</u>	<u>69,814</u>	<u>75,520</u>	<u>22,206,416</u>	<u>22,014,587</u>	<u>0.87%</u>

Long-Term Debt

At June 30, 2022, the District had \$6,044,789 of total long-term debt outstanding. This represents a decrease of 21.46% from last year. (See Figure A-7) Additional 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 District		Total Change
	June 30,		June 30,
	2022	Restated 2021	2021-22
General obligation bonds	\$ 3,655,000	4,965,000	-26.38%
Revenue bonds	2,201,000	2,545,000	-13.52%
Lease agreements	188,789	186,885	1.02%
Total	<u>\$ 6,044,789</u>	<u>7,696,885</u>	<u>-21.46%</u>

The District had outstanding general obligation bonded indebtedness of \$3,655,000 at June 30, 2022.

The District had outstanding revenue bonded indebtedness of \$2,201,000 at June 30, 2022, payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District.

At June 30, 2022, the District had outstanding obligations of \$188,789 resulting from lease agreements for the right to use various assets.

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 began sharing its Transportation Director and Special Education Director with Lone Tree in Fiscal Year 2023 and continues sharing into Fiscal Year 2024. The District expects the supplementary weighting revenues and savings generated from these shared operational functions to remain comparable with prior fiscal years.
- The District experienced a decrease in Certified Enrollment in Fiscal Year 2022—the second consecutive year—to 1,258.5 (Fiscal Year 2021 enrollment was 1,275.2) after an increase in Certified Enrollment the previous two years with Fiscal Year 2020 being the all-time high for Certified Enrollment at 1,276.3. The decrease in Enrollment continued for Fiscal Year 2023 when resident students were reported at 1,227.86. However, the decline in student count of 30.60 was offset by net Open Enrolled In students of 29.0—a net loss of just over 1 student. The District's Home School Assistance Program (HSAP) remains strong with the participation of 505 students. Early counts for Fiscal Year 2024 show that total HSAP enrollment growth will continue to at least 550 students. It is also believed that the implementation of the School Voucher system in Iowa as passed by the Iowa Legislature and signed by Governor Reynolds for Fiscal Year 2024 will place downward pressure on enrollment numbers for not only the Mid-Prairie District but most public schools in Iowa in the coming years.
- Net Open Enrollment In continues to increase and provide the District with increased revenues. This may be tempered to a degree by the Legislature's actions as noted in the bullet point, above.

-
- The District approved an additional debt service levy of \$765,000 for Fiscal Year 2023 for the partial redemption of the Series 2014 general obligation bonds originally maturing in 2029. The anticipated interest cost savings resulting from the early extinguishment of debt is \$112,175. In addition to the savings, the early repayment of debt also provides additional flexibility for the District should there be a need for future financing and makes potential offerings more appealing to bidders.
 - 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.
 - The District continues to recognize the many and varied impacts of COVID-19 on the finances, staff, and students of the District. In Fiscal Year 2022, the District continued spending ESSER III funds for HVAC system improvements and for salaries for three elementary teachers in an effort to provide smaller class sizes while not placing additional strain on the General Fund. ESSER III funds were completely utilized by the end of Fiscal Year 2023. ESSER III Funding became available in the last quarter of Fiscal Year 2021. Plans to spend ESSER III funds through Fiscal Years 2022 and 2023 have been developed and completely executed according to plan.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact 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, 2022

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 9,455,623	389,304	9,844,927
Receivables:			
Property tax:			
Delinquent	36,195	-	36,195
Succeeding year	7,392,898	-	7,392,898
Income surtax	845,254	-	845,254
Accounts	17,969	-	17,969
Due from other governments	1,387,118	2,007	1,389,125
Inventories	-	25,051	25,051
Capital assets not being depreciated/amortized:			
Land and construction in progress	921,611	-	921,611
Capital assets, net of accumulated depreciation/amortization:			
Buildings, land improvements, machinery and equipment and right-to-use leased equipment	21,214,991	69,814	21,284,805
Total assets	41,271,659	486,176	41,757,835
Deferred Outflows of Resources			
Pension related deferred outflows	1,623,961	31,787	1,655,748
OPEB related deferred outflows	180,128	7,642	187,770
Total deferred outflows of resources	1,804,089	39,429	1,843,518
Liabilities			
Accounts payable	324,433	522	324,955
Salaries and benefits payable	2,156,840	48,575	2,205,415
Deposits payable	126,250	-	126,250
Accrued interest payable	9,383	-	9,383
Unearned revenue	-	28,479	28,479
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	645,000	-	645,000
Revenue bonds	349,000	-	349,000
Lease agreements	108,955	-	108,955
Compensated absences	30,571	-	30,571
Portion due after one year:			
General obligation bonds	3,010,000	-	3,010,000
Revenue bonds	1,852,000	-	1,852,000
Lease agreements	79,834	-	79,834
Net pension liability	190,118	3,485	193,603
Total OPEB liability	950,061	40,308	990,369
Total liabilities	9,832,445	121,369	9,953,814
Deferred Inflows of Resources			
Unavailable property tax revenue	7,392,898	-	7,392,898
Pension related deferred inflows	7,034,034	128,933	7,162,967
OPEB related deferred inflows	1,509,345	64,036	1,573,381
Total deferred inflows of resources	15,936,277	192,969	16,129,246
Net Position			
Net investment in capital assets	16,091,813	69,814	16,161,627
Restricted for:			
Categorical funding	578,464	-	578,464
Debt service	132,400	-	132,400
Management levy purposes	1,050,820	-	1,050,820
Student activities	336,256	-	336,256
School infrastructure	1,753,544	-	1,753,544
Physical plant and equipment	578,921	-	578,921
Unrestricted	(3,215,192)	141,453	(3,073,739)
Total net position	\$ 17,307,026	211,267	17,518,293

SEE NOTES TO FINANCIAL STATEMENTS.

**MID-PRAIRIE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Contributions and Restricted Interest	Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 6,379,251	2,222,730	221,306	2,304	(3,932,911)	-	(3,932,911)
Special	2,000,640	773,167	289,084	-	(938,389)	-	(938,389)
Other	2,735,990	399,826	940,687	-	(1,395,477)	-	(1,395,477)
	11,115,881	3,395,723	1,451,077	2,304	(6,266,777)	-	(6,266,777)
Support services:							
Student	409,240	14,921	88,061	-	(306,258)	-	(306,258)
Instructional staff	896,404	-	-	-	(896,404)	-	(896,404)
Administration	1,797,894	17,266	119,438	-	(1,661,190)	-	(1,661,190)
Operation and maintenance of plant	1,934,949	3,007	541,376	-	(1,390,566)	-	(1,390,566)
Transportation	1,155,951	6,639	315,182	54,000	(780,130)	-	(780,130)
	6,194,438	41,833	1,064,057	54,000	(5,034,548)	-	(5,034,548)
Long-term debt interest	204,636	-	-	-	(204,636)	-	(204,636)
Other expenditures:							
AEA flowthrough	608,095	-	608,095	-	-	-	-
Depreciation/amortization (unallocated)*	830,137	-	-	-	(830,137)	-	(830,137)
	1,438,232	-	608,095	-	(830,137)	-	(830,137)
Total governmental activities	18,953,187	3,437,556	3,123,229	56,304	(12,336,098)	-	(12,336,098)
Business type activities:							
Non-instructional programs:							
Food service operations	749,025	71,885	922,613	-	-	245,473	245,473
Community service operations	6,167	3,036	-	-	-	(3,131)	(3,131)
Total business type activities	755,192	74,921	922,613	-	-	242,342	242,342
Total	\$ 19,708,379	3,512,477	4,045,842	56,304	(12,336,098)	242,342	(12,093,756)
General Revenues:							
Property tax levied for:							
General purposes					\$ 5,198,323	-	5,198,323
Debt service					1,469,604	-	1,469,604
Capital outlay					410,600	-	410,600
Income surtax					854,293	-	854,293
Statewide sales, services and use tax					1,535,730	-	1,535,730
Unrestricted state grants					7,979,853	-	7,979,853
Unrestricted investment earnings					25,814	582	26,396
Other					120,414	10,291	130,705
Total general revenues					17,594,631	10,873	17,605,504
Change in net position					5,258,533	253,215	5,511,748
Net position beginning of year, as restated					12,048,493	(41,948)	12,006,545
Net position end of year					\$ 17,307,026	211,267	17,518,293

* This amount excludes the depreciation/amortization 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, 2022

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 5,501,756	2,426,123	134,605	1,393,139	9,455,623
Receivables:					
Property tax:					
Delinquent	24,235	2,089	7,478	2,393	36,195
Succeeding year	4,823,186	415,712	1,544,000	610,000	7,392,898
Income surtax	422,627	422,627	-	-	845,254
Accounts	17,969	-	-	-	17,969
Due from other governments	1,279,314	107,804	-	-	1,387,118
Total assets	\$ 12,069,087	3,374,355	1,686,083	2,005,532	19,135,057
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 238,376	77,301	300	8,456	324,433
Salaries and benefits payable	2,156,840	-	-	-	2,156,840
Deposits payable	-	126,250	-	-	126,250
Total liabilities	2,395,216	203,551	300	8,456	2,607,523
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	4,823,186	415,712	1,544,000	610,000	7,392,898
Income surtax	422,627	422,627	-	-	845,254
Total deferred inflows of resources	5,245,813	838,339	1,544,000	610,000	8,238,152
Fund balances:					
Restricted for:					
Categorical funding	578,464	-	-	-	578,464
Debt service	-	-	141,783	-	141,783
Management levy purposes	-	-	-	1,050,820	1,050,820
Student activities	-	-	-	336,256	336,256
School infrastructure	-	1,753,544	-	-	1,753,544
Physical plant and equipment	-	578,921	-	-	578,921
Unassigned	3,849,594	-	-	-	3,849,594
Total fund balances	4,428,058	2,332,465	141,783	1,387,076	8,289,382
Total liabilities, deferred inflows of resources and fund balances	\$ 12,069,087	3,374,355	1,686,083	2,005,532	19,135,057

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, 2022

Total fund balances of governmental funds (page 20)		\$ 8,289,382
 <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.		22,136,602
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.		845,254
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.		(9,383)
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	\$ 1,804,089	
Deferred inflows of resources	<u>(8,543,379)</u>	(6,739,290)
Long-term liabilities, including general obligation bonds payable, revenue bonds payable, lease agreements 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>(7,215,539)</u>
Net position of governmental activities (page 18)		<u>\$ 17,307,026</u>

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, 2022

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 5,283,344	961,705	1,469,604	466,083	8,180,736
Tuition	2,924,027	-	-	-	2,924,027
Other	343,528	11,860	2,497	309,932	667,817
State sources	9,100,773	1,593,420	13,206	4,302	10,711,701
Federal sources	1,975,355	-	-	-	1,975,355
Total revenues	19,627,027	2,566,985	1,485,307	780,317	24,459,636
Expenditures:					
Current:					
Instruction:					
Regular	7,144,190	398,175	-	112,205	7,654,570
Special	2,608,148	-	-	-	2,608,148
Other	2,677,920	-	-	253,301	2,931,221
	12,430,258	398,175	-	365,506	13,193,939
Support services:					
Student	465,299	-	-	-	465,299
Instructional staff	838,711	144,362	-	-	983,073
Administration	2,193,718	8,039	-	13,457	2,215,214
Operation and maintenance of plant	1,998,195	68,763	-	312,452	2,379,410
Transportation	862,920	303,943	-	52,388	1,219,251
	6,358,843	525,107	-	378,297	7,262,247
Capital outlay	-	724,655	-	-	724,655
Long-term debt:					
Principal	-	-	1,754,186	-	1,754,186
Interest and fiscal charges	-	-	208,195	-	208,195
	-	-	1,962,381	-	1,962,381
Other expenditures:					
AEA flowthrough	608,095	-	-	-	608,095
Total expenditures	19,397,196	1,647,937	1,962,381	743,803	23,751,317
Excess (Deficiency) of revenues over (under) expenditures	229,831	919,048	(477,074)	36,514	708,319
Other financing sources (uses):					
Insurance proceeds	-	9,449	-	-	9,449
Proceeds from the sale of equipment	57,233	-	-	-	57,233
Proceeds from lease agreements	102,090	-	-	-	102,090
Transfer in	-	-	496,511	12,839	509,350
Transfer out	(118,101)	(391,249)	-	-	(509,350)
Total other financing sources (uses)	41,222	(381,800)	496,511	12,839	168,772
Change in fund balances	271,053	537,248	19,437	49,353	877,091
Fund balances beginning of year	4,157,005	1,795,217	122,346	1,337,723	7,412,291
Fund balances end of year	\$ 4,428,058	2,332,465	141,783	1,387,076	8,289,382

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, 2022

Change in fund balances - total governmental funds (page 22) \$ 877,091

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/amortization expense in the Statement of Activities. Capital outlay expenditures and depreciation/amortization expense in the current year are as follows:

Capital outlay	\$ 1,568,218	
Depreciation/amortization expense	<u>(1,370,683)</u>	197,535

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. (247,916)

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

Issued	(102,090)	
Repaid	<u>1,754,186</u>	1,652,096

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. 3,559

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. 1,080,505

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	26,000	
Compensated absences	(3,504)	
Pension expense	544,831	
Total OPEB liability and related expenses	<u>1,128,336</u>	<u>1,695,663</u>

Change in net position of governmental activities (page 19) \$ 5,258,533

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business Type Activities: Enterprise Funds		
	School Nutrition	Alumni & Friends	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 383,570	5,734	389,304
Due from other governments	2,007	-	2,007
Inventories	25,051	-	25,051
Total current assets	410,628	5,734	416,362
Noncurrent assets:			
Capital assets, net of accumulated depreciation	69,814	-	69,814
Total assets	480,442	5,734	486,176
Deferred Outflows of Resources			
Pension related deferred outflows	31,787	-	31,787
OPEB related deferred outflows	7,642	-	7,642
Total deferred outflows of resources	39,429	-	39,429
Liabilities			
Current liabilities:			
Accounts payable	515	7	522
Salaries and benefits payable	48,575	-	48,575
Unearned revenue	28,479	-	28,479
Total current liabilities	77,569	7	77,576
Noncurrent liabilities:			
Net pension liability	3,485	-	3,485
Total OPEB liability	40,308	-	40,308
Total noncurrent liabilities	43,793	-	43,793
Total liabilities	121,362	7	121,369
Deferred Inflows of Resources			
Pension related deferred inflows	128,933	-	128,933
OPEB related deferred inflows	64,036	-	64,036
Total deferred inflows of resources	192,969	-	192,969
Net Position			
Net investment in capital assets	69,814	-	69,814
Unrestricted	135,726	5,727	141,453
Total net position	\$ 205,540	5,727	211,267

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, 2022

	Business Type Activities: Enterprise Funds		
	School Nutrition	Alumni & Friends	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 71,885	3,036	74,921
Miscellaneous	6,142	4,149	10,291
Total operating revenues	<u>78,027</u>	<u>7,185</u>	<u>85,212</u>
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	237,677	-	237,677
Benefits	21,828	-	21,828
Services	194	-	194
Supplies	475,803	-	475,803
Depreciation	13,298	-	13,298
Other	225	-	225
	<u>749,025</u>	<u>-</u>	<u>749,025</u>
Community service operations:			
Services	-	500	500
Supplies	-	5,667	5,667
	<u>-</u>	<u>6,167</u>	<u>6,167</u>
Total operating expenses	<u>749,025</u>	<u>6,167</u>	<u>755,192</u>
Operating income (loss)	<u>(670,998)</u>	<u>1,018</u>	<u>(669,980)</u>
Non-operating revenues:			
State sources	5,406	-	5,406
Federal sources	917,207	-	917,207
Interest income	582	-	582
Total non-operating revenues	<u>923,195</u>	<u>-</u>	<u>923,195</u>
Change in net position	252,197	1,018	253,215
Net position beginning of year	<u>(46,657)</u>	<u>4,709</u>	<u>(41,948)</u>
Net position end of year	<u>\$ 205,540</u>	<u>5,727</u>	<u>211,267</u>

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Business Type Activities: Enterprise Funds		
	School Nutrition	Alumni & Friends	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 68,327	-	68,327
Cash received from community service operations	-	3,036	3,036
Cash received from miscellaneous	6,142	4,149	10,291
Cash payments to employees for services	(345,833)	-	(345,833)
Cash payments to suppliers for goods or services	(414,051)	(6,160)	(420,211)
Net cash provided by (used in) operating activities	<u>(685,415)</u>	<u>1,025</u>	<u>(684,390)</u>
Cash flows from non-capital financing activities:			
State grants received	4,615	-	4,615
Federal grants received	862,007	-	862,007
Net cash provided by non-capital financing activities	<u>866,622</u>	<u>-</u>	<u>866,622</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	<u>(7,592)</u>	<u>-</u>	<u>(7,592)</u>
Cash flows from investing activities:			
Interest on investments	<u>582</u>	<u>-</u>	<u>582</u>
Net increase in cash and pooled investments	174,197	1,025	175,222
Cash and pooled investments beginning of year	209,373	4,709	214,082
Cash and pooled investments end of year	<u>\$ 383,570</u>	<u>5,734</u>	<u>389,304</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (670,998)	1,018	(669,980)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Commodities consumed	55,814	-	55,814
Depreciation	13,298	-	13,298
Change in assets and liabilities:			
Inventories	9,127	-	9,127
Accounts payable	(2,770)	7	(2,763)
Salaries and benefits payable	(990)	-	(990)
Net pension liability	(171,381)	-	(171,381)
Deferred outflows of resources	12,555	-	12,555
Deferred inflows of resources	178,957	-	178,957
Unearned revenue	(3,558)	-	(3,558)
Total OPEB liability	(105,469)	-	(105,469)
Net cash provided by (used in) operating activities	<u>\$ (685,415)</u>	<u>1,025</u>	<u>(684,390)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2022, the District received \$55,814 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2022

	<u>Custodial</u>
Assets	
Due from other governments	<u>\$ 51,383</u>
Liabilities	
Accounts payable	<u>51,383</u>
Net Position	
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, 2022

	<u>Custodial</u>
Additions:	
Federal sources	<u>\$ 51,383</u>
Deductions:	
Instruction:	
Other	<u>51,383</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, 2022

(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 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/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly

benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. 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 any investments 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 governmental funds is accounted for using the modified accrual basis of accounting.

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2021.

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

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and 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 (except for

intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ -
Buildings	2,500
Land improvements	2,500
Intangibles	25,000
Right-to-use leased assets	5,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment and the right-to-use leased assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	20-40 years
Land improvements	10 years
Intangibles	2 or more
Right-to-use leased assets	2-15 years
Machinery and equipment	4-12 years

Leases - Mid-Prairie Community School District is the lessee for a noncancellable lease of equipment. The District has recognized a lease liability and an intangible right-to-use lease equipment (lease asset) in the government-wide financial statements. The District recognized leases with an initial, individual value of \$5,000 or more.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how Mid-Prairie Community School District determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Mid-Prairie Community School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension 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.

Deposits Payable - Deposits payable represents the good faith deposit received by the District associated with the revenue bonds closing July 13, 2022 and will be recognized as bond proceeds at that time.

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, 2022. 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 classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022, expenditures exceeded the amended amounts budgeted in the support services function.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. At June 30, 2022, the District had no such investments.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Student Activity	General	\$ 12,839
Debt Service	General	105,262
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	391,249
Total		<u>\$ 509,350</u>

The transfer from the General Fund to the Student Activity Fund was a reimbursement for safety equipment purchased during the year.

The transfer from the General Fund to the Debt Service Fund was for payments on the District's lease agreements.

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.

(4) Capital Assets

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

	Balance Beginning of Year, as restated	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 714,909	-	-	714,909
Construction in progress	52,020	370,903	216,221	206,702
Total capital assets not being depreciated/amortized	<u>766,929</u>	<u>370,903</u>	<u>216,221</u>	<u>921,611</u>
Capital assets being depreciated/amortized:				
Buildings	31,858,090	683,811	39,340	32,502,561
Land improvements	1,241,889	38,128	7,712	1,272,305
Machinery and equipment	353,642	102,090	-	455,732
Right-to-use leased equipment	4,021,906	589,507	268,803	4,342,610
Total capital assets being depreciated/amortized	<u>37,475,527</u>	<u>1,413,536</u>	<u>315,855</u>	<u>38,573,208</u>
Less accumulated depreciation/amortization for:				
Buildings	12,465,935	754,856	39,340	13,181,451
Land improvements	749,224	75,281	7,712	816,793
Machinery and equipment	174,520	99,087	-	273,607
Right-to-use leased equipment	2,913,710	441,459	268,803	3,086,366
Total accumulated depreciation/amortization	<u>16,303,389</u>	<u>1,370,683</u>	<u>315,855</u>	<u>17,358,217</u>
Total capital assets being depreciated/amortized, net	<u>21,172,138</u>	<u>42,853</u>	<u>-</u>	<u>21,214,991</u>
Governmental activities capital assets, net	<u>\$ 21,939,067</u>	<u>413,756</u>	<u>216,221</u>	<u>22,136,602</u>
Business type activities:				
Machinery and equipment	\$ 208,753	7,592	-	216,345
Less accumulated depreciation	133,233	13,298	-	146,531
Business type activities capital assets, net	<u>\$ 75,520</u>	<u>(5,706)</u>	<u>-</u>	<u>69,814</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 55,584
Other	20,509
Support services:	
Instructional staff	78,088
Administration	6,416
Operation and maintenance of plant	125,410
Transportation	254,539
	<u>540,546</u>
Unallocated depreciation/amortization	<u>830,137</u>
Total governmental activities depreciation/amortization expense	<u>\$1,370,683</u>
Business type activities:	
Food service operations	<u>\$ 13,298</u>

(5) Construction Commitment

The District entered into contracts totaling \$687,844 for infrastructure projects including an HVAC upgrade and projects at the middle school and east elementary buildings. Total project costs as of June 30, 2022 were \$206,702, including \$175,368 incurred against the afore mentioned contracts and \$31,334 of non-contract expenditures. The June 30, 2022 balance of \$512,476 remaining on contracts will be paid as work on the projects progresses.

(6) Long-Term Liabilities

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

	Balance Beginning of Year, as restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 4,965,000	-	1,310,000	3,655,000	645,000
Revenue bonds	2,545,000	-	344,000	2,201,000	349,000
Lease agreements	186,885	102,090	100,186	188,789	108,955
Termination benefits	26,000	-	26,000	-	-
Compensated absences	27,067	30,571	27,067	30,571	30,571
Net pension liability	9,328,731	-	9,138,613	190,118	-
Total OPEB liability	3,383,932	-	2,433,871	950,061	-
Total	<u>\$ 20,462,615</u>	<u>132,661</u>	<u>13,379,737</u>	<u>7,215,539</u>	<u>1,133,526</u>
Business type activities:					
Net pension liability	\$ 174,866	-	171,381	3,485	-
Total OPEB liability	145,777	-	105,469	40,308	-
Total	<u>\$ 320,643</u>	<u>-</u>	<u>276,850</u>	<u>43,793</u>	<u>-</u>

General Obligation Bonds

Details of the District's June 30, 2022 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bonds issued August 1, 2014			
	Interest Rate	Principal	Interest	Total
2023	3.00%	\$ 645,000	112,600	757,600
2024	3.00	665,000	93,250	758,250
2025	3.00	685,000	73,300	758,300
2026	3.00	705,000	52,750	757,750
2027	3.25	730,000	31,600	761,600
2028	3.50	225,000	7,876	232,876
Total		<u>\$ 3,655,000</u>	<u>371,376</u>	<u>4,026,376</u>

On August 1, 2014, the District issued \$10,000,000 of general obligation bonds to finance a portion of various school improvement projects. The bonds bear interest at rates ranging from 3.00% to 3.50%. In addition to scheduled payments of \$630,000 in principal and \$205,350 in interest, the District collected \$680,000 from an additional debt service levy which was used to advance refund \$155,000 of bonds maturing June 1, 2029 and \$525,000 of bonds maturing June 1, 2028. The interest cost savings resulting from this surplus levy is \$148,225.

During the year ended June 30, 2022, as part of its budgeting process the District approved an additional debt service levy of \$785,000 to be collected in fiscal year 2023. The surplus levy will be used to refund the remaining \$225,000 in principal originally maturing June 1, 2028 and \$560,000 in principal originally maturing June 1, 2027 of the general obligation bonds issued August 1, 2014. The anticipated interest cost savings provided by this surplus levy is \$112,175.

Revenue Bonds

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

Year Ending June 30,	Refunding bonds issued October 29, 2019			
	Interest Rate	Principal	Interest	Total
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	1.82	379,000	13,905	392,905
2028	1.82	385,000	7,007	392,007
Total		<u>\$ 2,201,000</u>	<u>142,597</u>	<u>2,343,597</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,187,000 of bonds issued in October 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 approximately 25% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$2,343,597. For the current year, principal and interest paid on the bonds was \$344,000 and \$46,319, respectively, and total statewide sales, services and use tax revenues were \$1,535,730.

Lease Agreements

Details of the District's June 30, 2022 indebtedness resulting from lease agreements are as follows:

Year Ending June 30,	4/10/2019 copier lease			1/28/2019 Kalona gym lease			4/8/2019 Wellman gym lease		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2023	2.18%	\$ 51,582	1,471	2.39%	\$ 13,673	327	2.22%	\$ 9,783	217
2024	2.18	39,430	359		-	-		-	-
2025		-	-		-	-		-	-
Total		<u>\$ 91,012</u>	<u>1,830</u>		<u>\$ 13,673</u>	<u>327</u>		<u>\$ 9,783</u>	<u>217</u>

Year Ending June 30,	7/9/21 east classroom lease			7/9/21 west classroom lease			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2023	1.93%	\$ 15,304	512	1.93%	\$ 18,613	623	108,955	3,150	112,105
2024	1.93	15,602	214	1.93	18,975	261	74,007	834	74,841
2025	1.93	2,629	6	1.93	3,198	8	5,827	14	5,841
Total		<u>\$ 33,535</u>	<u>732</u>		<u>\$ 40,786</u>	<u>892</u>	<u>188,789</u>	<u>3,998</u>	<u>192,787</u>

On April 10, 2019, the District entered into a lease agreement for copiers. An initial lease liability of was recorded in the amount of \$141,482 per Accounting Change/Restatement Note 14. The agreement requires monthly payments of \$4,421 over 60 months with an implicit interest rate of 2.18% and final payment due March 2024. During the year ended June 30, 2022, principal and interest paid were \$50,470 and \$2,582, respectively.

On January 28, 2019, the District entered into a lease agreement for gymnasium space in Kalona. An initial lease liability of was recorded in the amount of \$26,050 per Accounting Change/Restatement Note 14. One annual payment of \$14,000 remains on the agreement which has an implicit interest rate of 2.39%. During the year ended June 30, 2022, principal and interest paid were \$12,377 and \$623, respectively.

On April 8, 2019, the District entered into a lease agreement for gymnasium space in Wellman. An initial lease liability of was recorded in the amount of \$19,353 per Accounting Change/Restatement Note 14. One annual payment of \$10,000 remains on the agreement which has an implicit interest rate of 2.22%. During the year ended June 30, 2022, principal and interest paid were \$9,570 and \$430, respectively.

On July 9, 2021, the District entered into a lease agreement for a 2014 2-classroom portable building at the east elementary site. The agreement requires monthly payments of \$1,318 over 36 months with an implicit interest rate of 1.93% and final payment due August 2024. During the year ended June 30, 2022, principal and interest paid were \$12,530 and \$650, respectively.

On July 9, 2021, the District entered into a lease agreement for a 2016 2-classroom portable building at the west elementary site. The agreement requires monthly payments of \$1,603 over 36 months with an implicit interest rate of 1.93% and final payment due August 2024. During the year ended June 30, 2022, principal and interest paid were \$15,239 and \$791, respectively.

(7) Pension Plan

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

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general 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 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2022 were \$1,102,331.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of \$193,603 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the District's proportion was 0.056080%, which was a decrease of 0.079208% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$558,248. At June 30, 2022, 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	\$ 147,305	147,903
Changes of assumptions	126,633	-
Net difference between projected and actual earnings on IPERS' investments	-	7,014,562
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	279,479	502
District contributions subsequent to the measurement date	1,102,331	-
Total	<u>\$ 1,655,748</u>	<u>7,162,967</u>

\$1,102,331 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2023	\$ (1,577,960)
2024	(1,641,738)
2025	(1,541,546)
2026	(1,869,138)
2027	20,832
Total	<u>\$ (6,609,550)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
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	\$ 6,852,253	193,603	(5,386,768)

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.

(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 prior voluntary early retirement offerings, which resulted in a direct subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. As of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	12
Active employees	<u>230</u>
Total	<u><u>242</u></u>

Total OPEB Liability - The District's total OPEB liability of \$990,369 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rates of salary increase	3.25% per annum, including inflation.
Discount rate	3.54% compounded annually, including inflation.
Healthcare cost trend rate	7.00% initial rate, decreasing by 0.25% annually to an ultimate rate of 4.00%.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.54% 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-2021. Annual termination and retirement probabilities are based on varying rates by age and turnover probabilities from the IPERS Actuarial Valuation as of June 30, 2021.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 3,529,709
Changes for the year:	
Service cost	267,820
Interest	80,415
Differences between expected and actual experiences	(456,779)
Changes in assumptions	(2,281,555)
Benefit payments	<u>(149,241)</u>
Net changes	<u>(2,539,340)</u>
Total OPEB liability end of year	<u><u>\$ 990,369</u></u>

Changes of assumptions reflect a change in the discount rate from 2.16% in fiscal year 2021 to 3.54% in fiscal year 2022.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate 1% lower (2.54%) or 1% higher (4.54%) than the current discount rate.

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 1,045,000	990,369	940,000

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 (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rates.

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB liability	\$ 920,000	990,369	1,072,000

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2022, the components of OPEB expense (service cost, interest, differences between expected and actual experiences and changes in assumptions) combined for a net reduction of \$1,029,190. At June 30, 2022, 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 experiences	\$ -	583,689
Changes in assumptions	187,770	989,692
Total	\$ 187,770	1,573,381

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
2023	\$ (127,154)
2024	(127,154)
2025	(127,154)
2026	(127,154)
2027	(127,154)
Thereafter	(749,841)
Total	\$ (1,385,611)

(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, 2022 were \$1,553,342.

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 \$608,095 for the year ended June 30, 2022 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Categorical Funding

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

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

Program	Amount
Home School Assistance Program (HSAP)	\$ 377,035
Gifted and Talented Programs	46,694
Returning Dropouts and Dropout Prevention Programs	1,238
Teacher Leadership State Aid	124,787
Teacher Salary Supplement	13,460
Textbook Aid for Nonpublic Students	1,194
Successful Progression for Early Readers	14,056
Total	<u>\$ 578,464</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	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	141,783	3,849,594
Capital assets, net of accumulated depreciation/amortization	22,136,602	-	-
General obligation bond capitalized indebtedness	(3,655,000)	-	-
Revenue bond capitalized indebtedness	(2,201,000)	-	-
Lease agreements payable	(188,789)	-	-
Accrued interest payable	-	(9,383)	-
Income surtax	-	-	845,254
Compensated absences	-	-	(30,571)
Pension related deferred outflows	-	-	1,623,961
Pension related deferred inflows	-	-	(7,034,034)
Net pension liability	-	-	(190,118)
Total OPEB liability	-	-	(950,061)
OPEB related deferred outflows	-	-	180,128
OPEB related deferred inflows	-	-	(1,509,345)
Net position (Exhibit A)	<u>\$ 16,091,813</u>	<u>132,400</u>	<u>(3,215,192)</u>

(13) Tax Abatements

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

Tax Abatements of Other Entities

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2022 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Kalona	Urban Renewal and Economic Development Projects	\$ 12,513
City of Wellman	Urban Renewal and Economic Development Projects	1,779

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2022, this reimbursement amounted to \$6,367.

(14) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented as of the beginning of the year ended June 30, 2022. The requirements of this statement apply to financial statements of all state and local governments and establishes standards of accounting and financial reporting for leases by lessees and lessors. Beginning net position for governmental activities, was restated to retroactively recognize the beginning lease liability and the intangible right-to-use lease asset when the District is the lessee.

	Governmental Activities
Net position June 30, 2021, as previously reported	\$ 12,056,256
Changes to implement GASBS No. 87:	
Lease agreements	(186,885)
Right-to-use leased equipment, net of accumulated amortization	179,122
Net position July 1, 2021, as restated	<u>\$ 12,048,493</u>

Details of the restatement for capital assets and long-term liabilities are as follows:

	Capital Assets	Long-Term Liabilities
Changes to implement GASBS No. 87:		
Lease agreements	\$ -	186,885
Right-to-use leased equipment	353,642	-
Accumulated amortization, right-to-use leased equipment	(174,520)	-
	<u>179,122</u>	<u>186,885</u>
Balances June 30, 2021, as previously reported	<u>21,759,945</u>	<u>20,275,730</u>
Balances July 1, 2021, as restated	<u>\$ 21,939,067</u>	<u>20,462,615</u>

(15) Prospective Accounting Change

GASB Statement No. 96, Subscription-Based Information Technology Arrangements establishes that a Subscription-Based Information Technology Arrangement (SBITA) results in a right-to-use subscription asset and a corresponding liability. Under this statement, a governmental entity generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. This statement will be effective for the year ending June 30, 2023.

(16) Budget Overexpenditure

Per the Code of Iowa, expenditures may not exceed appropriations at the function level. During the year ended June 30, 2022 expenditures exceeded the amended amounts budgeted in the support services function.



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, 2022

	Governmental		Proprietary Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Funds Actual		Original	Final	
Revenues:						
Local sources	\$ 11,772,580	85,794	11,858,374	11,955,646	11,955,646	(97,272)
State sources	10,711,701	5,406	10,717,107	10,597,845	10,597,845	119,262
Federal sources	1,975,355	917,207	2,892,562	1,353,000	1,353,000	1,539,562
Total revenues	24,459,636	1,008,407	25,468,043	23,906,491	23,906,491	1,561,552
Expenditures/Expenses:						
Instruction	13,193,939	-	13,193,939	13,836,000	14,136,000	942,061
Support services	7,262,247	-	7,262,247	6,890,500	7,190,500	(71,747)
Non-instructional programs	-	755,192	755,192	791,100	791,100	35,908
Other expenditures	3,295,131	-	3,295,131	3,427,531	3,427,531	132,400
Total expenditures/expenses	23,751,317	755,192	24,506,509	24,945,131	25,545,131	1,038,622
Excess (Deficiency) of revenues over (under) expenditures/expenses	708,319	253,215	961,534	(1,038,640)	(1,638,640)	2,600,174
Other financing sources, net	168,772	-	168,772	-	-	168,772
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	877,091	253,215	1,130,306	(1,038,640)	(1,638,640)	2,768,946
Balances beginning of year	7,412,291	(41,948)	7,370,343	4,677,601	4,677,601	2,692,742
Balances end of year	\$ 8,289,382	211,267	8,500,649	3,638,961	3,038,961	5,461,688

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2022

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except 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 functional 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 \$600,000.

During the year ended June 30, 2022, expenditures in the support services function exceeded the amended budget amounts.

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 EIGHT YEARS*
REQUIRED SUPPLEMENTARY INFORMATION

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.056080%	0.135288%	0.135544%	0.133669%	0.125309%	0.125479%	0.130221%	0.128599%
District's proportionate share of the net pension liability \$	193,603	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	\$ 11,211,800	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	1.73%	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	100.81%	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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 1,102,331	1,058,394	1,012,744	973,776	897,487	835,292	804,129	795,897	751,370	697,813
Contributions in relation to the statutorily required contribution	(1,102,331)	(1,058,394)	(1,012,744)	(973,776)	(897,487)	(835,292)	(804,129)	(795,897)	(751,370)	(697,813)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 11,670,007	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
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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

	2022	2021	2020	2019	2018
Service cost	\$ 267,820	262,286	237,863	217,908	209,789
Interest cost	80,415	78,331	120,334	122,187	118,586
Differences between expected and actual experiences	(456,779)	-	(220,908)	-	-
Changes in assumptions	(2,281,555)	14,216	142,381	102,424	(73,952)
Benefit payments	(149,241)	(214,413)	(181,248)	(182,056)	(156,973)
Net change in total OPEB liability	(2,539,340)	140,420	98,422	260,463	97,450
Total OPEB liability beginning of year	3,529,709	3,389,289	3,290,867	3,030,404	2,932,954
Total OPEB liability end of year	\$ 990,369	3,529,709	3,389,289	3,290,867	3,030,404
Covered-employee payroll	\$ 10,314,591	9,985,000	9,693,874	9,791,000	9,414,000
Total OPEB liability as a percentage of covered-employee payroll	9.60%	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, 2022	3.54%
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, 2022

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 1,048,427	344,712	1,393,139
Receivables:			
Property tax:			
Delinquent	2,393	-	2,393
Succeeding year	610,000	-	610,000
Total assets	\$ 1,660,820	344,712	2,005,532
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	8,456	8,456
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property taxes	610,000	-	610,000
Fund balances:			
Restricted for:			
Management levy purposes	1,050,820	-	1,050,820
Student activities	-	336,256	336,256
Total fund balances	1,050,820	336,256	1,387,076
Total liabilities, deferred inflows of resources and fund balances	\$ 1,660,820	344,712	2,005,532

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, 2022

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 466,083	-	466,083
Other	5,953	303,979	309,932
State sources	4,302	-	4,302
Total revenues	<u>476,338</u>	<u>303,979</u>	<u>780,317</u>
Expenditures:			
Current:			
Instruction:			
Regular	112,205	-	112,205
Other	-	253,301	253,301
Support services:			
Administration	13,457	-	13,457
Operation and maintenance of plant	312,452	-	312,452
Transportation	52,388	-	52,388
Total expenditures	<u>490,502</u>	<u>253,301</u>	<u>743,803</u>
Excess (Deficiency) of revenues over (under) expenditures	(14,164)	50,678	36,514
Other financing sources:			
Transfer in	-	12,839	12,839
Change in fund balances	(14,164)	63,517	49,353
Fund balances beginning of year	<u>1,064,984</u>	<u>272,739</u>	<u>1,337,723</u>
Fund balances end of year	<u>\$ 1,050,820</u>	<u>336,256</u>	<u>1,387,076</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND ACCOUNTS
JUNE 30, 2022

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Construction	Total
Assets				
Cash and pooled investments	\$ 1,646,835	653,005	126,283	2,426,123
Receivables:				
Property tax:				
Delinquent	-	2,089	-	2,089
Succeeding year	-	415,712	-	415,712
Income surtax	-	422,627	-	422,627
Due from other governments	107,804	-	-	107,804
Total assets	\$ 1,754,639	1,493,433	126,283	3,374,355
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,128	76,173	-	77,301
Deposits payable	-	-	126,250	126,250
Total liabilities	1,128	76,173	126,250	203,551
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	415,712	-	415,712
Income surtax	-	422,627	-	422,627
Total deferred inflows of resources	-	838,339	-	838,339
Fund balances:				
Restricted for:				
School infrastructure	1,753,511	-	33	1,753,544
Physical plant and equipment	-	578,921	-	578,921
Total fund balances	1,753,511	578,921	33	2,332,465
Total liabilities, deferred inflows of resources and fund balances	\$ 1,754,639	1,493,433	126,283	3,374,355

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, 2022

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Construction	Total
Revenues:				
Local sources:				
Local tax	\$ -	961,705	-	961,705
Other	5,400	6,427	33	11,860
State sources	1,535,730	57,690	-	1,593,420
Total revenues	<u>1,541,130</u>	<u>1,025,822</u>	<u>33</u>	<u>2,566,985</u>
Expenditures:				
Current:				
Instruction:				
Regular	352,803	45,372	-	398,175
Support services:				
Instructional staff	40,851	103,511	-	144,362
Administration	344	7,695	-	8,039
Operation and maintenance of plant	34,427	34,336	-	68,763
Transportation	13,851	290,092	-	303,943
Capital outlay	373,188	351,467	-	724,655
Total expenditures	<u>815,464</u>	<u>832,473</u>	<u>-</u>	<u>1,647,937</u>
Excess of revenues over expenditures	725,666	193,349	33	919,048
Other financing sources (uses):				
Insurance proceeds	-	9,449	-	9,449
Transfer out	(391,249)	-	-	(391,249)
Total other financing sources (uses)	<u>(391,249)</u>	<u>9,449</u>	<u>-</u>	<u>(381,800)</u>
Change in fund balances	334,417	202,798	33	537,248
Fund balances beginning of year	<u>1,419,094</u>	<u>376,123</u>	<u>-</u>	<u>1,795,217</u>
Fund balances end of year	<u>\$ 1,753,511</u>	<u>578,921</u>	<u>33</u>	<u>2,332,465</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, 2022

Account	Balance Beginning of Year	Revenues	Expenditures	Interfund Transfer	Balance End of Year
Drama Workshop	\$ 1,795	8,045	7,987	-	1,853
Athletics	64,041	61,263	59,553	12,839	78,590
Athletic (Donations)	83,835	76,400	45,482	-	114,753
Annual	21,356	7,617	7,506	-	21,467
Soccer Concessions	8,178	2,921	1,924	-	9,175
Class Of 2022	224	-	-	-	224
Class Of 2023	-	1,026	817	-	209
Renaissance	6,897	1,250	322	-	7,825
Post Prom	496	50	-	-	546
FFA	14,476	39,763	37,552	-	16,687
Strength & Conditioning	-	66	-	-	66
Miscellaneous	-	231	-	-	231
Cheerleading	67	-	1	-	66
Dance Team	22,214	8,080	4,497	-	25,797
Baseball	1,202	7,178	6,334	-	2,046
Boys Basketball	913	12,562	5,718	-	7,757
Girls Basketball	919	1,722	1,940	-	701
Football	6,132	26,552	24,160	-	8,524
Girls Golf	758	2,210	1,399	-	1,569
Boys Golf	-	1,901	252	-	1,649
Boys Soccer	7,890	995	1,037	-	7,848
Girls Soccer	3,385	995	-	-	4,380
Cross Country	1,831	479	774	-	1,536
Softball	5,210	678	584	-	5,304
Girls Track	2,562	1,011	1,233	-	2,340
Boys Track	1,350	1,001	794	-	1,557
Volleyball	6,961	16,445	14,568	-	8,838
Wrestling	1,260	1,179	2,155	-	284
FCCLA	7,461	17,456	23,007	-	1,910
FCCLA (District 6 President)	585	4,818	3,141	-	2,262
HS Student Council	741	85	564	-	262
Total	\$ 272,739	303,979	253,301	12,839	336,256

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Local sources:										
Local tax	\$ 8,180,736	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
Tuition	2,924,027	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
Other	667,817	614,659	665,738	967,446	859,220	801,024	1,112,112	877,358	625,157	946,531
State sources	10,711,701	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
Federal sources	1,975,355	1,838,266	596,197	658,413	680,736	878,813	690,173	668,429	642,624	635,973
Total	<u>\$ 24,459,636</u>	<u>23,300,114</u>	<u>21,641,560</u>	<u>21,002,804</u>	<u>20,406,511</u>	<u>19,686,117</u>	<u>18,246,771</u>	<u>17,086,208</u>	<u>16,383,804</u>	<u>15,403,251</u>
Expenditures:										
Instruction:										
Regular	\$ 7,654,570	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
Special	2,608,148	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
Other	2,931,221	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
Support services:										
Student	465,299	466,923	385,202	401,084	351,305	402,736	338,292	360,165	260,080	202,776
Instructional staff	983,073	855,655	825,302	751,908	718,139	943,421	598,207	551,474	564,674	540,709
Administration	2,215,214	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
Operation and maint. of plant	2,379,410	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
Transportation	1,219,251	1,100,268	1,122,703	801,616	1,079,316	883,123	927,968	1,031,390	675,978	836,170
Capital outlay	724,655	656,807	1,114,933	857,183	685,831	4,281,284	6,249,609	2,806,546	706,657	558,908
Long-term debt:										
Principal	1,754,186	1,528,000	5,034,000	1,350,000	1,025,000	1,005,000	980,000	990,000	785,000	550,000
Interest	208,195	263,499	315,052	387,885	407,345	426,945	444,993	411,133	195,307	207,676
Other expenditures:										
AEA flowthrough	608,095	595,391	571,496	552,391	550,386	505,692	512,392	513,721	488,825	457,796
Total	<u>\$ 23,751,317</u>	<u>22,719,469</u>	<u>24,947,089</u>	<u>20,472,547</u>	<u>19,610,555</u>	<u>22,321,810</u>	<u>23,344,825</u>	<u>20,375,171</u>	<u>16,779,714</u>	<u>15,987,786</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY 22	\$ 109,902
National School Lunch Program	10.555	FY 22	806,691
Total Child Nutrition Cluster			<u>916,593</u>
COVID-19, Pandemic EBT Administrative Costs	10.649	FY 22	614
Total U.S. Department of Agriculture			<u>917,207</u>
U.S. Department of Education:			
Passed Through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 22	294,219
Career and Technical Education - Basic Grants to States	84.048	FY 22	29,349
Supporting Effective Instruction State Grants	84.367	FY 22	79,240
Student Support and Academic Enrichment Program	84.424	FY 22	17,895
Education Stabilization Fund:			
COVID-19, American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	FY 22	1,256,604
COVID-19, American Rescue Plan - Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	FY 22	12,686
Total Education Stabilization Fund			<u>1,269,290</u>
Passed Through Grant Wood Area Education Agency:			
Special Education Grants to States	84.027	FY 22	58,382
COVID-19, American Rescue Plan - Special Education Grants to States	84.027X	FY 22	9,006
Total Special Education Grants to States			<u>67,388</u>
Total U.S. Department of Education			<u>1,757,381</u>
Total			<u>\$ 2,674,588</u>

* - Includes \$55,814 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, 2022. 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.

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Mid-Prairie Community School District as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 3, 2023.

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

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 were not identified. We identified a certain deficiency in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a material weakness.

Report on 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 tests 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 which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance 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, 2022 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

Government Auditing Standards requires the auditor to perform limited procedure on Mid-Prairie Community School District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Mid-Prairie Community School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

August 3, 2023
Newton, Iowa


NOLTE, CORNMAN & JOHNSON, P.C.

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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

Opinion on Each Major Federal Program

We have audited Mid-Prairie Community School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of Mid-Prairie Community School District's major federal programs for the year ended June 30, 2022. Mid-Prairie Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Mid-Prairie Community School District complied, in all material respects, with the compliance 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Mid-Prairie Community School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Mid-Prairie Community School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Mid-Prairie Community School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Mid-Prairie Community School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about Mid-Prairie Community School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Mid-Prairie Community School District's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of Mid-Prairie Community School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Mid-Prairie Community School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 a 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 a 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Mid-Prairie Community School District's response to the internal control over compliance finding 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 auditing 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.

August 3, 2023
Newton, Iowa

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

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:
 - Child Nutrition Cluster
 - 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, 2022

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

2022-001 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, 2022

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

AL Number 10.553: School Breakfast Program
AL Number 10.555: National School Lunch Program
Pass-Through Entity Identifying Number: FY22
Federal Award Year: 2022
Prior Year Finding Number: N/A
U.S. Department of Agriculture
Passed through the Iowa Department of Education

AL Number 84.425: Education Stabilization Fund
Pass-Through Entity Identifying Number: FY22
Federal Award Year: 2022
Prior Year Finding Number: III-A-2021/2021-001
U.S. Department of Education
Passed through the Iowa Department of Education

2022-002 Segregation of Duties

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, inventories, receipts, payroll, disbursements, financial reporting, computer systems and manual journal entries. See finding 2022-001.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Part IV: Other Findings Related to Required Statutory Reporting:

2022-A Certified Budget - Expenditures for the year ended June 30, 2022 exceeded the amended certified budget amounts in the support services functional area.

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

Response - While the overall expenditures are under the amended budget for Fiscal Year 2022 by \$1,089,229, the Total Support Services line—the 2000 level Function Codes—is over the budgeted line items by \$51,919. The District amended both the Instruction and the Total Support Services line to increase each line by \$300,000 in April of 2022. With the additional ESSER III dollars that were spent in Function Code level 2000's, the estimated amendments were not high enough for that single line item. It is always the District Business Office intent to assure expenditures are estimated and budgeted properly. It was not recognized that the estimated change was inadequate until after the deadline for filing amended budget amounts. This is under review for internal corrective action in the analysis going forward.

Conclusion – Response accepted.

2022-B Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

2022-C 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.

2022-D Business Transactions - No business transactions between the District and District officials or employees were noted.

2022-E 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.

2022-F 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.

2022-G Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

2022-H Certified Enrollment - We noted the enrollment data certified to the Iowa Department of Education was understated by 7.90 students.

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.

2022-I Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

- 2022-J 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.
- 2022-K Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- 2022-L Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- 2022-M 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, 2022, the District reported the following information regarding the statewide sales, services, and use tax revenue in the District's CAR:

Beginning balance		\$ 1,419,094
Revenues:		
Sales tax revenues	\$ 1,535,730	
Other local revenues	5,400	1,541,130
	<u> </u>	<u> </u>
Expenditures/transfers out:		
School infrastructure construction	236,370	
Equipment	421,166	
Other	157,928	
Transfers to other funds:		
Debt Service	391,249	1,206,713
	<u> </u>	<u> </u>
Ending balance		<u><u>\$ 1,753,511</u></u>

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