

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

JUNE 30, 2020

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**Mid-Prairie Community School District**

**Officials**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term Expires</u></b>
<b>Board of Education (Before November 2019 Election)</b>		
Jeremy Pickard	President	2019
Marianne Schlabach	Vice President	2019
Gabrielle Frederick	Board Member	2021
Jodi Meader	Board Member	2021
Denise Chittick	Board Member	2019
Mary Allred	Board Member	2019
	(Appointed July 2019)	
Jeremy Gugel	Board Member	2019
	(Appointed August 2019)	
Emily Uhl	Board Member	2019
	(Resigned July 2019)	
<b>Board of Education (After November 2019 Election)</b>		
Marianne Schlabach	President	2023
Jeremy Pickard	Vice President	2023
Mary Allred	Board Member	2023
Denise Chittick	Board Member	2023
Gabrielle Frederick	Board Member	2021
Jodi Meader	Board Member	2021
Jeremy Gugel	Board Member	2021
<b>School Officials</b>		
Mark Schneider	Superintendent	2020
Jeffrey Swartzentruber	Board Secretary/Business Manager Board Treasurer	2020
Ahlers & Cooney, P.C.	Attorney	2020

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

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

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

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

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

**Auditor's Responsibility**

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

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

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

**Opinions**

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

**Members American Institute & Iowa Society of Certified Public Accountants**

## **Other Matters**

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 15 and 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mid-Prairie Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for seven years ended June 30, 2019 (which are not presented herein) and express unmodified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2011 (which are not presented herein) and expressed an unmodified opinion on those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, including the Schedule of Expenditures of Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applies in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information, including the Schedule of 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 February 11, 2021 on our consideration of Mid-Prairie Community School District's internal control over financial reporting and 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.

February 11, 2021  
Newton, Iowa

# **Mid-Prairie Community School District**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### 2020 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$16,572,556 in fiscal year 2019 to \$17,392,430 in fiscal year 2020, while General Fund expenditures increased from \$16,567,226 in fiscal year 2019 to \$17,128,451 in fiscal year 2020. The District's General Fund balance increased slightly from \$3,656,399 at June 30, 2019 to a balance of \$3,920,378 at June 30, 2020, which is an increase of 7.22% from the prior year.
- The District's total net position increased from \$9,431,615 at June 30, 2019 to \$10,268,250 at June 30, 2020. Total revenues increased 1.17% from \$21,740,418 in fiscal year 2019 to \$21,994,917 in fiscal year 2020, while total expenses increased 4.37% from \$20,271,682 in fiscal year 2019 to \$21,158,282 in fiscal year 2020.
- The increase in General Fund revenues was attributable to increases in local and state sources received in fiscal year 2020. The increase in expenditures was contributed to by an increase in the support services area.

### USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Mid-Prairie Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental and business type activities were financed in the short term as well as what remains for future spending. Fund financial statements report Mid-Prairie Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Mid-Prairie Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefitting the District.

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

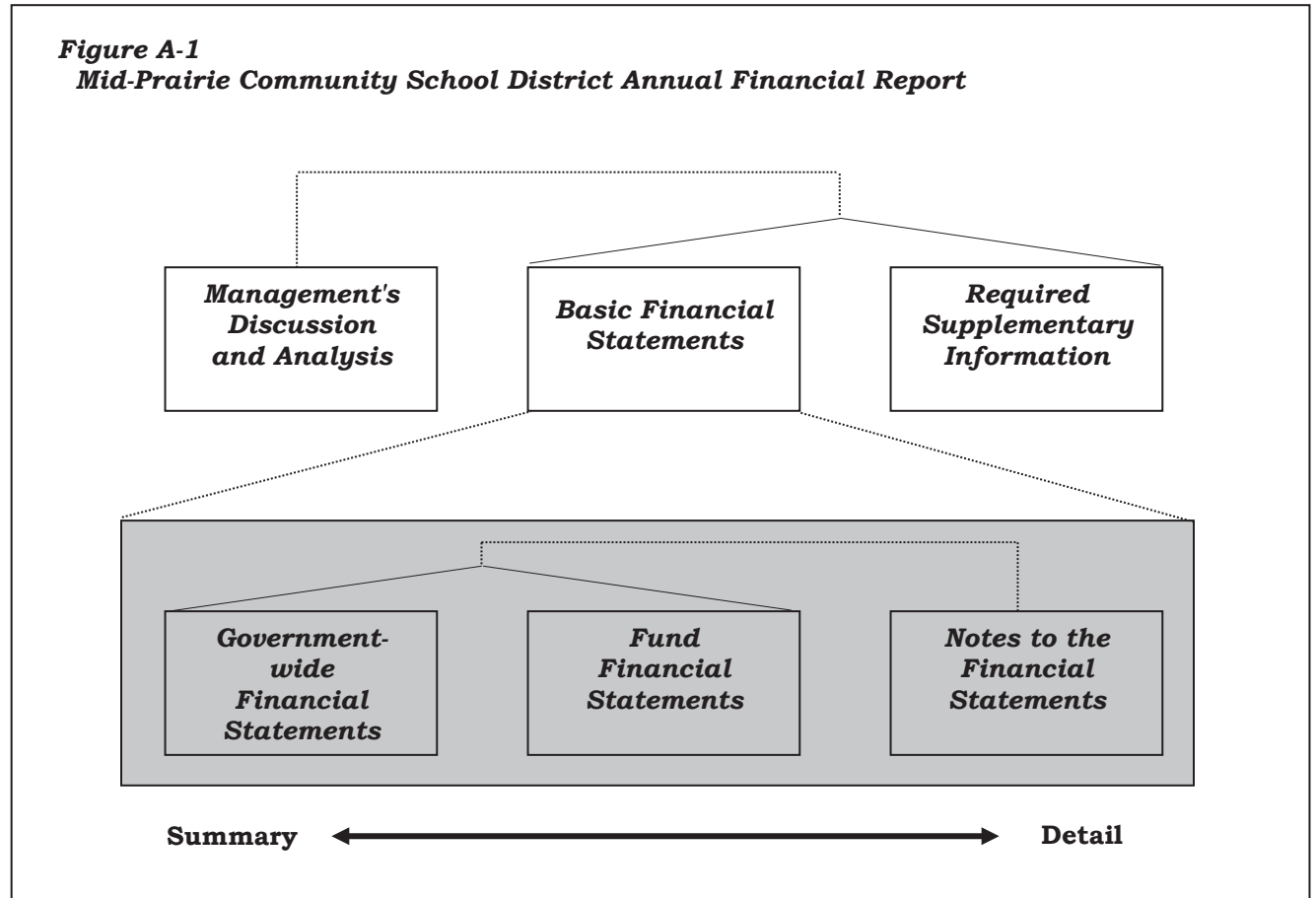




Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

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

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

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

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

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

The required financial statements for the 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 Alumni & Friends Fund.

The required financial statements for the 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 Agency fund.

- Agency 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 the 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, 2020 compared to June 30, 2019.

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,
	2020	2019	2020	2019	2020	2019	2019-20
Current and other assets	\$ 17,023,769	17,357,151	144,214	111,496	17,167,983	17,468,647	-1.72%
Capital assets	22,052,722	21,788,597	88,472	101,312	22,141,194	21,889,909	1.15%
Total assets	<u>39,076,491</u>	<u>39,145,748</u>	<u>232,686</u>	<u>212,808</u>	<u>39,309,177</u>	<u>39,358,556</u>	<u>-0.13%</u>
Deferred outflows of resources	2,343,556	2,639,341	49,836	55,018	2,393,392	2,694,359	-11.17%
Long-term liabilities	20,137,191	22,397,170	284,094	265,363	20,421,285	22,662,533	-9.89%
Other liabilities	2,680,125	2,711,236	91,075	55,660	2,771,200	2,766,896	0.16%
Total liabilities	<u>22,817,316</u>	<u>25,108,406</u>	<u>375,169</u>	<u>321,023</u>	<u>23,192,485</u>	<u>25,429,429</u>	<u>-8.80%</u>
Deferred inflows of resources	8,178,279	7,180,019	33,671	11,852	8,211,950	7,191,871	14.18%
Net position:							
Net investment in capital assets	13,014,722	10,903,597	88,472	101,312	13,103,194	11,004,909	19.07%
Restricted	3,105,931	3,543,951	-	-	3,105,931	3,543,951	-12.36%
Unrestricted	<u>(5,726,085)</u>	<u>(4,950,884)</u>	<u>(214,790)</u>	<u>(166,361)</u>	<u>(5,940,875)</u>	<u>(5,117,245)</u>	<u>-16.10%</u>
Total net position	<u>\$ 10,394,568</u>	<u>9,496,664</u>	<u>(126,318)</u>	<u>(65,049)</u>	<u>10,268,250</u>	<u>9,431,615</u>	<u>8.87%</u>

At June 30, 2020, the District's total net position increased 8.87%, or \$836,635, from the prior year.

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

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$438,020 or 12.36%, from the prior year. The decrease occurred primarily in the amounts restricted for school infrastructure purposes.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$823,630, or 16.10%. This decrease in unrestricted net position was primarily a result of expenses recognized on the District's pension and OPEB liabilities.

Figure A-4 shows the changes in net position for the year ended June 30, 2020 compared to the year ended June 30, 2019.

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2020	2019	2020	2019	2020	2019	2019-20
Revenues:							
Program revenues:							
Charges for service	\$ 3,020,301	2,926,579	300,112	398,025	3,320,413	3,324,604	-0.13%
Operating grants, contributions and restricted interest	1,729,882	1,696,701	339,648	266,489	2,069,530	1,963,190	5.42%
Capital grants, contributions and restricted interest	-	104,384	-	-	-	104,384	-100.00%
General revenues:							
Property tax	6,614,104	6,359,972	-	-	6,614,104	6,359,972	4.00%
Income surtax	971,150	1,247,645	-	-	971,150	1,247,645	-22.16%
Statewide sales, services and use tax	1,304,339	1,281,133	-	-	1,304,339	1,281,133	1.81%
Unrestricted state grants	7,464,217	7,234,299	-	-	7,464,217	7,234,299	3.18%
Unrestricted investment earnings	115,479	98,090	831	799	116,310	98,889	17.62%
Other	126,547	120,283	8,307	6,019	134,854	126,302	6.77%
Total revenues	<u>21,346,019</u>	<u>21,069,086</u>	<u>648,898</u>	<u>671,332</u>	<u>21,994,917</u>	<u>21,740,418</u>	<u>1.17%</u>
Program expenses:							
Instruction	12,923,290	12,050,345	-	-	12,923,290	12,050,345	7.24%
Support services	5,863,342	5,854,299	-	-	5,863,342	5,854,299	0.15%
Non-instructional programs	-	-	710,167	679,077	710,167	679,077	4.58%
Other expenses	1,661,483	1,687,961	-	-	1,661,483	1,687,961	-1.57%
Total expenses	<u>20,448,115</u>	<u>19,592,605</u>	<u>710,167</u>	<u>679,077</u>	<u>21,158,282</u>	<u>20,271,682</u>	<u>4.37%</u>
Excess (Deficiency) of revenues over (under) expenses	897,904	1,476,481	(61,269)	(7,745)	836,635	1,468,736	-43.04%
Transfers	-	(48,400)	-	48,400	-	-	0.00%
Change in net position	897,904	1,428,081	(61,269)	40,655	836,635	1,468,736	-43.04%
Net position beginning of year	9,496,664	8,068,583	(65,049)	(105,704)	9,431,615	7,962,879	18.44%
Net position end of year	<u>\$ 10,394,568</u>	<u>9,496,664</u>	<u>(126,318)</u>	<u>(65,049)</u>	<u>10,268,250</u>	<u>9,431,615</u>	<u>8.87%</u>

In fiscal year 2020, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants accounted for 76.61% of the revenue from governmental activities while charges for service and operating grants and contributions accounted for 98.59% of the revenue from business type activities.

The District's total revenues were approximately \$21.99 million, of which approximately \$21.35 million was for governmental activities and approximately \$0.65 million was for business type activities. As shown in Figure A-4, the District as a whole experienced an 1.17% increase in revenues and an 4.37% increase in expenses. Property tax increased \$254,132 and the statewide sales, services, and use tax revenue increased \$23,206. The increase in expenses occurred primarily in the instruction functional area.

### Governmental Activities

Revenues for governmental activities were \$21,346,019 and expenses were \$20,448,115 for the year ended June 30, 2020.

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

	Total Cost of Services			Net Cost of Services		
	2020	2019	Change 2019-20	2020	2019	Change 2019-20
Instruction	\$ 12,923,290	12,050,345	7.24%	9,007,747	8,051,729	11.87%
Support services	5,863,342	5,854,299	0.15%	5,600,198	5,677,642	-1.36%
Other expenses	1,661,483	1,687,961	-1.57%	1,089,987	1,135,570	-4.01%
Total	<u>\$ 20,448,115</u>	<u>19,592,605</u>	<u>4.37%</u>	<u>15,697,932</u>	<u>14,864,941</u>	<u>5.60%</u>

- The cost financed by users of the District's programs was \$3,020,301.
- Federal and state governments along with local sources subsidized certain programs or projects with grants and contributions totaling \$1,729,882.
- The net cost of governmental activities was financed with \$6,614,104 in property tax, \$971,150 in income surtax, \$1,304,339 in statewide sales, services and use tax, \$7,464,217 in unrestricted state grants, \$115,479 in interest income and \$126,547 in other general revenues.

### Business Type Activities

Revenues of the District's business type activity were \$648,989 and expenses were \$710,167. 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 \$6,771,897, below last year's ending fund balances of \$6,890,426. The primary reason for the decrease is the decrease in fund balance of the Capital Projects Fund.

### Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Fund balance increased slightly from \$3,656,399 at June 30, 2019 to \$3,920,378 at June 30, 2020. General Fund revenues increased due to an increase in local tax revenues received. However, revenues exceeded expenditures leading to the increase in fund balance.
- The Capital Projects Fund balance decreased from \$2,044,461 at June 30, 2019 to \$1,516,475 at June 30, 2020. Total revenues were less than total expenditures for the year ensuring an decrease in fund balance.
- The Debt Fund balance increased from \$63,566 at June 30, 2019 to \$83,939 at June 30, 2020. The District issued \$3,187,000 of refunding revenue bonds during the year ended June 30, 2020.

## Proprietary Fund Highlights

The School Nutrition Fund net position decreased from a deficit \$66,615 at June 30, 2019 to deficit \$127,158 at June 30, 2020. This represents a decrease of 90.88%.

The Alumni & Friends Fund net position decreased from \$1,566 at June 30, 2019 to \$840 at June 30, 2020, which was a decrease of 46.36%.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Mid-Prairie Community School District amended its budget one time to reflect additional expenditures associated with additional paraprofessional support staff in special education, land purchases, and revenue bond refinancing.

The District's revenues were \$106,355 less than budgeted revenues, a variance of 0.47%. The most significant variance resulted from the District receiving more from state sources than originally anticipated.

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

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2020, the District had invested \$22,141,194 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities and transportation equipment. (See Figure A-6) This amount represents an increase of 1.15% from the prior year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$1,112,557.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-20
Land	\$ 714,909	406,309	-	-	714,909	406,309	75.95%
Construction in progress	-	81,414	-	-	-	81,414	-100.00%
Buildings	19,784,069	19,845,410	-	-	19,784,069	19,845,410	-0.31%
Land improvements	467,635	484,437	-	-	467,635	484,437	-3.47%
Machinery and equipment	1,086,109	971,027	88,472	101,312	1,174,581	1,072,339	9.53%
Total	\$ 22,052,722	21,788,597	88,472	101,312	22,141,194	21,889,909	1.15%

The original cost of the District's capital assets was \$37,581,258. Governmental funds accounted for \$37,372,505 with the remainder of \$208,753 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$81,414 at June 30, 2019 as compared to \$0 at June 30, 2020. This decrease is due to work on a renovation project at the middle school being completed.

### Long-Term Debt

At June 30, 2020, the District had \$9,038,000 in general obligation bonds and revenue bonds outstanding. (See Figure A-7) More detailed information about the District's long-term debt is available in Note 5 to the financial statements.

- The District had total outstanding general obligation bonds of \$6,160,000 at June 30, 2020.
- The District had total outstanding revenue bonds of \$2,878,000 at June 30, 2020.

Figure A-7  
Outstanding Long-Term Obligations

	Total District		Total Change
	June 30,		June 30,
	2020	2019	2019-20
General obligation bonds	\$ 6,160,000	7,310,000	-15.73%
Revenue bonds	2,878,000	3,575,000	-19.50%
Total	<u>\$ 9,038,000</u>	<u>10,885,000</u>	<u>-16.97%</u>

## 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:

- During Fiscal Year 2020, the District continued to share the Human Resources Director, and the Social Work Coordinator with Clear Creek Amana Community School District as ongoing relationships. Clear Creek Amana continues to share their Curriculum Director and their Buildings and Grounds Director with Mid-Prairie. These relationships bring comparable Operational Share Incentive Revenue to the District from prior fiscal years.
- The District experienced a decrease in resident students in Fiscal Year 2017 after an increase the resident students the previous two years. Fiscal Year 2019 Certified Enrollment for the second consecutive year after the 3 previous years showed increases. Fiscal Year 2020 Certified Enrollment has increased back to a record number of students at 1,258.9. Future enrollment is unknown as enrollment trends are hard to predict.
- Open enrollment continues to increase and provide the District with increased revenues and spending authority.
- Due to the low interest rate environment, the District is taking advantage of refinancing the Revenue Bonds in Fiscal 2020. The refinancing will result in a savings of \$330,000 and reduce the amortization schedule of the bonds by 2 years to Fiscal Year 2028.
- The State of Iowa is not setting supplemental state aid as prescribed by Iowa Code, this makes it challenging for the District to create an accurate budget.
- The District recognizes the many and varied impacts of COVID-19 on the finances, staff, and students of the District. In Fiscal Year 2020, the District was impacted by the closing of school buildings from Late March to the end of the school year. Learning continued via remote learning from student homes through the end of the 2020 School Year. With much hard work, the District returned to 100% face to face learning in August of 2020 at the start of the new School Year (2020-2021) and has been able to maintain the 100% face to face learning to date. The challenges of 100% face to face learning and the addition of a Virtual Academy at Mid-Prairie have added costs in Fiscal Year 2021. The District has also received Federal funding through ESSER I, GEER Funds, and ESSER II. These Federal funds have lessened the negative financial impact in significant ways.

## 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, District Secretary/Business Manager, Mid-Prairie Community School District, 1636 Hwy 22 East, Wellman, IA 52356.

## **Mid-Prairie Community School District**



## BASIC FINANCIAL STATEMENTS

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 8,478,316	105,055	8,583,371
Receivables:			
Property tax:			
Delinquent	102,789	-	102,789
Succeeding year	6,745,407	-	6,745,407
Income surtax	844,478	-	844,478
Accounts	2,989	105	3,094
Due from other governments	849,790	30,676	880,466
Inventories	-	8,378	8,378
Capital assets not being depreciated:			
Land and construction in progress	714,909	-	714,909
Capital assets, net of accumulated depreciation			
Buildings and land improvements and machinery and equipment	21,337,813	88,472	21,426,285
<b>Total assets</b>	<b>39,076,491</b>	<b>232,686</b>	<b>39,309,177</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	2,135,434	41,570	2,177,004
OPEB related deferred outflows	208,122	8,266	216,388
<b>Total Deferred Outflows of Resources</b>	<b>2,343,556</b>	<b>49,836</b>	<b>2,393,392</b>
<b>Liabilities</b>			
Accounts payable	401,062	9,227	410,289
Salaries and benefits payable	2,095,753	-	2,095,753
Advances from grantors	165,172	50,877	216,049
Accrued interest payable	18,138	-	18,138
Unearned revenue	-	30,971	30,971
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	615,000	-	615,000
Revenue bonds	333,000	-	333,000
Termination benefits payable	145,100	-	145,100
Portion due after one year:			
General obligation bonds	5,545,000	-	5,545,000
Revenue bonds	2,545,000	-	2,545,000
Net pension liability	7,694,273	154,623	7,848,896
Total OPEB liability	3,259,818	129,471	3,389,289
<b>Total liabilities</b>	<b>22,817,316</b>	<b>375,169</b>	<b>23,192,485</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	6,745,407	-	6,745,407
Pension related deferred inflows	1,184,290	23,799	1,208,089
OPEB related deferred inflows	248,582	9,872	258,454
<b>Total deferred inflows of resources</b>	<b>8,178,279</b>	<b>33,671</b>	<b>8,211,950</b>
<b>Net Position</b>			
Net investment in capital assets	13,014,722	88,472	13,103,194
Restricted for:			
Categorical funding	417,650	-	417,650
Debt service	65,801	-	65,801
Management levy purposes	861,410	-	861,410
Student activities	244,595	-	244,595
School infrastructure	1,048,258	-	1,048,258
Physical plant and equipment	468,217	-	468,217
Unrestricted	(5,726,085)	(214,790)	(5,940,875)
<b>Total net position</b>	<b>\$ 10,394,568</b>	<b>(126,318)</b>	<b>10,268,250</b>

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
<b>Functions/Programs:</b>						
Governmental activities:						
Instruction:						
Regular	\$ 7,656,540	2,096,285	75,255	(5,485,000)	-	(5,485,000)
Special	2,826,536	645,615	182,249	(1,998,672)	-	(1,998,672)
Other	2,440,214	274,913	641,226	(1,524,075)	-	(1,524,075)
	<u>12,923,290</u>	<u>3,016,813</u>	<u>898,730</u>	<u>(9,007,747)</u>	<u>-</u>	<u>(9,007,747)</u>
Support services:						
Student	370,610	-	-	(370,610)	-	(370,610)
Instructional staff	830,389	-	-	(830,389)	-	(830,389)
Administration	2,124,184	-	13,103	(2,111,081)	-	(2,111,081)
Operation and maintenance of plant	1,475,716	-	16,479	(1,459,237)	-	(1,459,237)
Transportation	1,062,443	3,488	230,074	(828,881)	-	(828,881)
	<u>5,863,342</u>	<u>3,488</u>	<u>259,656</u>	<u>(5,600,198)</u>	<u>-</u>	<u>(5,600,198)</u>
Long-term debt interest	314,044	-	-	(314,044)	-	(314,044)
Other expenditures:						
AEA flowthrough	571,496	-	571,496	-	-	-
Depreciation (unallocated)*	775,943	-	-	(775,943)	-	(775,943)
	<u>1,347,439</u>	<u>-</u>	<u>571,496</u>	<u>(775,943)</u>	<u>-</u>	<u>(775,943)</u>
Total governmental activities	<u>20,448,115</u>	<u>3,020,301</u>	<u>1,729,882</u>	<u>(15,697,932)</u>	<u>-</u>	<u>(15,697,932)</u>
Non-instructional programs:						
Food service operations	710,167	300,112	339,648	-	(70,407)	(70,407)
Total business type activities	<u>710,167</u>	<u>300,112</u>	<u>339,648</u>	<u>-</u>	<u>(70,407)</u>	<u>(70,407)</u>
Total	<u>\$ 21,158,282</u>	<u>3,320,413</u>	<u>2,069,530</u>	<u>(15,697,932)</u>	<u>(70,407)</u>	<u>(15,768,339)</u>
<b>General Revenues:</b>						
Property tax levied for:						
General purposes				\$ 4,876,960	-	4,876,960
Debt service				1,377,529	-	1,377,529
Capital outlay				359,615	-	359,615
Income surtax				971,150	-	971,150
Statewide sales, services and use tax				1,304,339	-	1,304,339
Unrestricted state grants				7,464,217	-	7,464,217
Unrestricted investment earnings				115,479	831	116,310
Other				126,547	8,307	134,854
Total general revenues				<u>16,595,836</u>	<u>9,138</u>	<u>16,604,974</u>
Change in net position				897,904	(61,269)	836,635
Net position beginning of year				9,496,664	(65,049)	9,431,615
Net position end of year				<u>\$ 10,394,568</u>	<u>(126,318)</u>	<u>10,268,250</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General	Capital Projects	Debt Service	Nonmajor	Total
<b>Assets</b>					
Cash and pooled investments	\$ 5,671,546	1,497,264	62,486	1,247,020	8,478,316
Receivables:					
Property tax:					
Delinquent	69,070	4,541	21,453	7,725	102,789
Succeeding year	4,505,271	255,488	1,414,648	570,000	6,745,407
Income surtax	422,239	422,239	-	-	844,478
Accounts	2,989	-	-	-	2,989
Due from other governments	739,896	109,894	-	-	849,790
<b>Total assets</b>	<b>\$ 11,411,011</b>	<b>2,289,426</b>	<b>1,498,587</b>	<b>1,824,745</b>	<b>17,023,769</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 302,198	95,224	-	3,640	401,062
Salaries and benefits payable	2,095,753	-	-	-	2,095,753
Advances from grantors	165,172	-	-	-	165,172
Total liabilities	2,563,123	95,224	-	3,640	2,661,987
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	4,505,271	255,488	1,414,648	570,000	6,745,407
Income surtax	422,239	422,239	-	-	844,478
Total deferred inflows of resources	4,927,510	677,727	1,414,648	570,000	7,589,885
Fund balances:					
Restricted for:					
Categorical funding	417,650	-	-	-	417,650
Debt service	-	-	83,939	-	83,939
Management levy purposes	-	-	-	1,006,510	1,006,510
Student activities	-	-	-	244,595	244,595
School infrastructure	-	1,048,258	-	-	1,048,258
Physical plant and equipment	-	468,217	-	-	468,217
Unassigned	3,502,728	-	-	-	3,502,728
Total fund balances	3,920,378	1,516,475	83,939	1,251,105	6,771,897
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 11,411,011</b>	<b>2,289,426</b>	<b>1,498,587</b>	<b>1,824,745</b>	<b>17,023,769</b>

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2020

<b>Total fund balances of governmental funds (page 20)</b>	\$	6,771,897
 <b><i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i></b>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		22,052,722
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.		844,478
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the government funds.		(18,138)
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 2,343,556	
Deferred inflows of resources	<u>(1,432,872)</u>	910,684
Long-term liabilities, including general obligation bonds, revenue bonds, termination benefits, compensated absences payable, net pension liability, and total OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(20,167,075)</u>
<b>Net position of governmental activities (page 18)</b>	<b>\$</b>	<b><u><u>10,394,568</u></u></b>

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 5,200,538	902,483	1,377,529	400,245	7,880,795
Tuition	2,596,589	-	-	-	2,596,589
Other	423,182	22,290	11,337	208,929	665,738
State sources	8,575,924	1,308,027	14,084	4,206	9,902,241
Federal sources	596,197	-	-	-	596,197
Total revenues	<u>17,392,430</u>	<u>2,232,800</u>	<u>1,402,950</u>	<u>613,380</u>	<u>21,641,560</u>
Expenditures:					
Current:					
Instruction:					
Regular	6,734,592	339,177	-	81,659	7,155,428
Special	2,545,626	-	-	-	2,545,626
Other	2,159,833	-	-	178,580	2,338,413
	<u>11,440,051</u>	<u>339,177</u>	<u>-</u>	<u>260,239</u>	<u>12,039,467</u>
Support services:					
Student	385,202	-	-	-	385,202
Instructional staff	727,581	97,721	-	-	825,302
Administration	2,035,822	15,474	52,514	-	2,103,810
Operation and maintenance of plant	1,247,389	7,850	-	179,885	1,435,124
Transportation	720,910	353,642	-	48,151	1,122,703
	<u>5,116,904</u>	<u>474,687</u>	<u>52,514</u>	<u>228,036</u>	<u>5,872,141</u>
Capital outlay	-	1,114,933	-	-	1,114,933
Long-term debt:					
Principal	-	-	5,034,000	-	5,034,000
Interest and fiscal charges	-	-	315,052	-	315,052
	<u>-</u>	<u>-</u>	<u>5,349,052</u>	<u>-</u>	<u>5,349,052</u>
Other expenditures:					
AEA flowthrough	571,496	-	-	-	571,496
Total expenditures	<u>17,128,451</u>	<u>1,928,797</u>	<u>5,401,566</u>	<u>488,275</u>	<u>24,947,089</u>
Excess (Deficiency) of revenues over (under) expenditures	263,979	304,003	(3,998,616)	125,105	(3,305,529)
Other financing sources (uses):					
Revenue bond issuance	-	-	3,187,000	-	3,187,000
Transfer in	-	-	831,989	-	831,989
Transfer out	-	(831,989)	-	-	(831,989)
Total other financing sources (uses)	<u>-</u>	<u>(831,989)</u>	<u>4,018,989</u>	<u>-</u>	<u>3,187,000</u>
Change in fund balances	263,979	(527,986)	20,373	125,105	(118,529)
Fund balances beginning of year	3,656,399	2,044,461	63,566	1,126,000	6,890,426
Fund balances end of year	<u>\$ 3,920,378</u>	<u>1,516,475</u>	<u>83,939</u>	<u>1,251,105</u>	<u>6,771,897</u>

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, 2020

**Change in fund balances - total governmental funds (page 22)** \$ (118,529)

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

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

Capital outlay	\$ 1,362,241	
Depreciation expense	(1,098,116)	264,125

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. (295,541)

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. Repayments of long-term liabilities is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issues are as follows

Issued	(3,187,000)	
Repaid	5,034,000	1,847,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 1,008

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. 994,110

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	(145,100)	
Compensated absences	(2,106)	
Pension expense	(1,513,642)	
Total OPEB liability and related expenses	(133,421)	(1,794,269)

**Change in net position of governmental activities (page 19)** \$ 897,904

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020

	Business Type Activities: Enterprise Funds		
	Enterprise, School Nutrition	Enterprise, Alumni & Friends	Total
<b>Assets</b>			
Current assets:			
Cash and pooled investments	\$ 104,250	805	105,055
Accounts receivable	-	105	105
Due from other governments	30,676	-	30,676
Inventories	8,378	-	8,378
<b>Total current assets</b>	<b>143,304</b>	<b>910</b>	<b>144,214</b>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	88,472	-	88,472
<b>Total assets</b>	<b>231,776</b>	<b>910</b>	<b>232,686</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	41,570	-	41,570
OPEB related deferred outflows	8,266	-	8,266
<b>Total Deferred Outflows of Resources</b>	<b>49,836</b>	<b>-</b>	<b>49,836</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	9,157	70	9,227
Salaries and benefits payable	50,877	-	50,877
Unearned revenue	30,971	-	30,971
<b>Total current liabilities</b>	<b>91,005</b>	<b>70</b>	<b>91,075</b>
Noncurrent liabilities:			
Net pension liability	154,623	-	154,623
Total OPEB liability	129,471	-	129,471
<b>Total noncurrent liabilities</b>	<b>284,094</b>	<b>-</b>	<b>284,094</b>
<b>Total liabilities</b>	<b>375,099</b>	<b>70</b>	<b>375,169</b>
<b>Deferred Inflows of Resources</b>			
Pension related deferred inflows	23,799	-	23,799
OPEB related deferred inflows	9,872	-	9,872
<b>Total Deferred Inflows of Resources</b>	<b>33,671</b>	<b>-</b>	<b>33,671</b>
<b>Net Position</b>			
Net investment in capital assets	88,472	-	88,472
Unrestricted	(215,630)	840	(214,790)
<b>Total net position</b>	<b>\$ (127,158)</b>	<b>840</b>	<b>(126,318)</b>

SEE NOTES TO FINANCIAL STATEMENTS.



MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020

	Business Type Activities:		
	Enterprise Funds		
	Enterprise, School Nutrition	Enterprise, Alumni & Friends	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 298,007	2,105	300,112
Miscellaneous	7,441	866	8,307
Total operating revenues	305,448	2,971	308,419
Non-instructional programs:			
Food service operations:			
Salaries	201,266	-	201,266
Benefits	140,607	-	140,607
Services	23	766	789
Supplies	349,349	2,931	352,280
Depreciation	14,441	-	14,441
Other	784	-	784
Total operating expenses	706,470	3,697	710,167
Operating loss	(401,022)	(726)	(401,748)
Non-operating revenues:			
State sources	4,482	-	4,482
Federal sources	335,166	-	335,166
Interest income	831	-	831
Total non-operating revenues	340,479	-	340,479
Change in net position	(60,543)	(726)	(61,269)
Net position beginning of year	(66,615)	1,566	(65,049)
Net position end of year	\$ (127,158)	840	(126,318)

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020

	Business Type Activities:		
	Enterprise Funds		
	Enterprise, School Nutrition	Enterprise, Alumni & Friends	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 311,985	2,000	313,985
Cash received from miscellaneous	7,441	866	8,307
Cash payments to employees for services	(283,722)	-	(283,722)
Cash payments to suppliers for goods or services	(299,838)	(3,729)	(303,567)
Net cash used in operating activities	(264,134)	(863)	(264,997)
Cash flows from non-capital financing activities:			
Repayment to General Fund	(25,000)	-	(25,000)
State grants received	5,938	-	5,938
Federal grants received	258,794	-	258,794
Net cash provided by non-capital financing activities	239,732	-	239,732
Cash flows from investing activities:			
Interest on investments	831	-	831
Cash flows from capital financing activities:			
Purchase of assets	(1,601)	-	(1,601)
Net decrease in cash and pooled investments	(25,172)	(863)	(26,035)
Cash and pooled investments beginning of year	129,422	1,668	131,090
Cash and pooled investments end of year	\$ 104,250	805	105,055
<b>Reconciliation of operating loss to net cash used in operating activities:</b>			
Operating loss	\$ (401,022)	(726)	(401,748)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Commodities consumed	45,696	-	45,696
Depreciation	14,441	-	14,441
Change in assets and liabilities:			
Inventories	(4,428)	-	(4,428)
Accounts receivable	-	(105)	(105)
Accounts payable	9,050	(32)	9,018
Salaries and benefits payable	12,419	-	12,419
Net pension liability	(17,938)	-	(17,938)
Deferred outflows of resources	5,182	-	5,182
Deferred inflows of resources	21,819	-	21,819
Unearned revenue	13,978	-	13,978
Total OPEB liability	36,669	-	36,669
Net cash used in operating activities	\$ (264,134)	(863)	(264,997)

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

During the year ended June 30, 2020, the District received \$45,696 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2020

	<u>Agency</u>
<b>Assets</b>	
Due from other governments	<u>\$ 48,837</u>
<b>Liabilities</b>	
Accounts payable	
Due to other groups	<u>\$ 48,837</u>

SEE NOTES TO FINANCIAL STATEMENTS.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

Mid-Prairie Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades preschool through twelve. The geographic area served includes the Cities of Wellman, Kalona, and West Chester, Iowa, and the agricultural territory in Washington, Johnson, and Iowa Counties. The District is governed by a Board of Education whose members are elected at large, on a non-partisan basis.

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

**A. Reporting Entity**

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

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Washington, Johnson and Iowa County Assessors' Conference Board.

**B. Basis of Presentation**

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

The Statement of Net Position presents the District's non-fiduciary 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 of capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed 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 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 often has constraints on resources that are imposed by management, but 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 that 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 that are 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 that are 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 District's Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

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

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

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of result of operations.

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on

January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2019.

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

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

Capital Assets - Capital assets, which include property, machinery and equipment, and intangibles acquired after July 1, 1980 are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that 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.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows 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 portion attributable to the business type activities will be paid primarily by the Enterprise, School Nutrition Fund.

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

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

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 collect 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 consist of property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources on the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unrecognized items not yet charged to pension and OPEB expense.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Position in the Proprietary Funds.

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 if they have matured, for example, as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General 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.

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

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

Unassigned - All amounts not included in the preceding classifications.

#### **E. Budgets and Budgetary Accounting**

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



## (2) Cash and Pooled Investments

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

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. At June 30, 2020, the District had no such investments.

## (3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 831,989

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, 2020 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 406,309	308,600	-	714,909
Construction in progress	81,414	53,472	134,886	-
Total capital assets not being depreciated	487,723	362,072	134,886	714,909
Capital assets being depreciated:				
Buildings	31,014,852	651,379	-	31,666,231
Land improvements	1,148,867	46,421	-	1,195,288
Machinery and equipment	3,545,050	437,255	186,228	3,796,077
Total capital assets being depreciated	35,708,769	1,135,055	186,228	36,657,596
Less accumulated depreciation for:				
Buildings	11,169,442	712,720	-	11,882,162
Land improvements	664,430	63,223	-	727,653
Machinery and equipment	2,574,023	322,173	186,228	2,709,968
Total accumulated depreciation	14,407,895	1,098,116	186,228	15,319,783
Total capital assets being depreciated, net	21,300,874	36,939	-	21,337,813
Governmental activities capital assets, net	\$21,788,597	399,011	134,886	22,052,722

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business type activities:</b>				
Machinery and equipment	\$ 207,152	1,601	-	208,753
Less accumulated depreciation	105,840	14,441	-	120,281
Business type activities capital assets, net	\$ 101,312	(12,840)	-	88,472

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 68,892
Support Services:		
Instructional staff		12,048
Administration		5,098
Operation and maintenance of plant		30,804
Transportation		205,331
		<u>322,173</u>
Unallocated depreciation		<u>775,943</u>
Total governmental activities depreciation expense		<u>\$1,098,116</u>
Business type activities:		
Food service operations		<u>\$ 14,441</u>

#### (5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 7,310,000	-	1,150,000	6,160,000	615,000
Revenue bonds	3,575,000	3,187,000	3,884,000	2,878,000	333,000
Termination benefits	-	145,100	-	145,100	145,100
Compensated absences	27,778	29,884	27,778	29,884	29,884
Net pension liability	8,286,327	-	592,054	7,694,273	-
Total OPEB liability	3,198,065	61,753	-	3,259,818	-
Total	<u>\$22,397,170</u>	<u>3,423,737</u>	<u>5,653,832</u>	<u>20,167,075</u>	<u>1,122,984</u>
<b>Business type activities:</b>					
Net pension liability	172,561	-	17,938	154,623	-
Total OPEB liability	92,802	36,669	-	129,471	-
Total	<u>\$ 265,363</u>	<u>36,669</u>	<u>17,938</u>	<u>284,094</u>	<u>-</u>

### General Obligation Bonds Payable

Details of the District's June 30, 2020 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of August 1, 2014				
	Interest Rate		Principal	Interest	Total
2021	2.00	% \$	615,000	217,650	832,650
2022	3.00		630,000	205,350	835,350
2023	3.00		645,000	186,450	831,450
2024	3.00		665,000	167,100	832,100
2025	3.00		685,000	147,150	832,150
2026-2030	3.00-3.50		2,920,000	397,425	3,317,425
Total			<u>\$ 6,160,000</u>	<u>1,321,125</u>	<u>7,481,125</u>

### Revenue Bonds Payable

On October 29, 2019, the District issued \$3,187,000 in revenue bonds with interest rates of 1.82% and applied \$442,000 from the prior Debt Service Reserve Fund plus \$43,750 from the prior Sinking Fund to refund the remaining \$3,575,000 of principal outstanding from the December 1, 2010 revenue bonds with interest rates ranging from 3.10-4.00%. The new refunding bonds have been added to the appropriate financial statements and schedules. The net present value of savings achieved by the refunding is \$305,299.

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

Year Ending June 30,	Bond Issue of October 29, 2019				
	Interest Rate		Principal	Interest	Total
2021	1.82	% \$	333,000	52,380	385,380
2022	1.82		344,000	46,319	390,319
2023	1.82		349,000	40,058	389,058
2024	1.82		354,000	33,706	387,706
2025	1.82		363,000	27,264	390,264
2026-2028	1.82		1,135,000	41,569	1,176,569
Total			<u>\$ 2,878,000</u>	<u>241,296</u>	<u>3,119,296</u>

The District has pledged future statewide sales, service and use tax revenues to repay the \$3,187,000 bond issued October 29, 2019. The bonds were issued for the purpose of financing a portion of the costs of various improvements to the high school building. The bonds are payable solely from the proceeds of the statewide sales, services and use tax received by the District and are payable through 2029. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 34% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$3,119,296. For the current year, \$3,575,000 of revenue bond were called as part of the refunding and the District made scheduled payments of \$309,000 in principal and interest of \$82,741 on the bonds and total statewide sales, services and use tax revenues were \$1,304,339.

### Termination Benefits

In December 2019, the District approved a voluntary early retirement plan to its full-time employees. Eligible employees must have completed at least ten years of full-time service to the District and have been at least age fifty-five. The application for early retirement was subject to approval by the Board of Education.

Early retirement benefits include a District contribution to a tax-sheltered annuity equal to \$220 per unused sick day for certified employees and \$40 per unused sick day for classified employees. The benefits will be paid with a one-time payment during fiscal year 2021.

At June 30, 2020, the District had outstanding obligations to six participants with a total liability of \$145,100.

As part of the fiscal year 2020 early retirement offering, eligible certified employees were also awarded \$655 per month of District contributions toward insurance premiums for continued coverage in the District's health plan until the employee reaches Medicare eligibility. However, the health insurance benefit is included by the District's actuary as a direct subsidy in the District's OPEB valuation and, therefore, is not included in the liability for termination benefits described above.

## **(6) Bond Defeasement**

During the fiscal years ended June 30, 2019 and June 30, 2020, the District collected additional debt service levies of \$305,000 and \$545,000, respectively, to advance refund a portion of the general obligation bonds issued August 1, 2014 when the bonds become callable June 1, 2021. The \$850,000 collected from the additional levies has been placed in an irrevocable escrow account and invested in U.S. Government obligations which have been certified sufficient to pay \$805,000 in principal maturing June 1, 2030 and \$45,000 in principal maturing June 1, 2029 of the general obligation bonds issued August 1, 2014 when the bonds become callable June 1, 2021. The interest cost savings provided by the combined surplus levies is \$266,175. As a result, \$850,000 of the general obligation bonds issued August 1, 2014 are considered defeased in substance and the corresponding liability for those bonds has been removed from the appropriate financial statements and schedules.

The District remains contingently liable in the remote possibility the escrow account is insufficient to repay the refunded bonds at the call date. At June 30, 2020 \$850,000 of such bonds are outstanding.

During the year ended June 30, 2020, the District approved an additional debt service levy of \$580,000 to be collected in fiscal year 2021 which will be used to refund \$580,000 in principal maturing June 1, 2029 of the general obligation bonds issued August 1, 2014 when the bond becomes callable June 1, 2021.

## **(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 Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

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

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that 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 that 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. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

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

The District's contributions to IPERS for the year ended June 30, 2020 were \$1,012,744.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the District reported a liability of \$7,848,896 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the District's proportion was 0.135544%, which was an increase of 0.001875% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,538,828. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,759	282,205
Changes of assumptions	840,729	-
Net difference between projected and actual earnings on IPERS' investments	-	884,476
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	301,772	41,408
District contributions subsequent to the measurement date	1,012,744	-
Total	<u>\$ 2,177,004</u>	<u>1,208,089</u>

\$1,012,744 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2021	\$ 234,458
2022	(113,960)
2023	(44,761)
2024	(108,297)
2025	(11,269)
Total	<u>\$ (43,829)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

<b>Asset Class</b>	<b>Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
<b>Total</b>	<b>100.0%</b>	

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 that employee contributions will be made at the contractually required rate and that 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.

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
District's proportionate share of the net pension liability	\$13,937,106	7,848,896	2,742,173

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

Payables to IPERS - At June 30, 2020, the District reported payables to IPERS of \$140,222 for legally required District contributions and \$93,432 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

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

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

OPEB Benefits - Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability. The District also provides contributions to health insurance premiums for retirees from the voluntary early retirement plan, which resulted in a direct subsidy and an OPEB liability.

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

Inactive employees or beneficiaries currently receiving benefit payments	199
Active employees	<u>16</u>
Total	<u><u>215</u></u>

Total OPEB Liability - The District's total OPEB liability of \$3,389,289 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

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

Rate of inflation	3.00% per annum.
Rates of salary increase	3.50% per annum, including inflation.
Discount rate	2.21% compounded annually, including inflation.
Healthcare cost trend rate	6.00% initial rate decreasing annually to an ultimate rate of 4.5%

Discount Rate - The discount rate used to measure the total OPEB liability was 3.50% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the Pub-2010 mortality table with generational scale MP-2019. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 3,290,867
Changes for the year:	
Service cost	237,863
Interest	120,334
Differences between expected and actual experiences	(220,908)
Changes in assumptions	142,381
Benefit payments	<u>(181,248)</u>
Net changes	<u>98,422</u>
Total OPEB liability end of year	<u><u>\$ 3,389,289</u></u>

Changes of assumptions reflect a change in the discount rate from 3.50% in fiscal year 2019 to 2.21% in fiscal year 2020.



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

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 3,650,000	3,389,000	3,119,000

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

	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	\$ 2,985,000	3,389,000	3,839,000

OPEB Expense and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2020, the District recognized OPEB expense of \$353,849. At June 30, 2020, the District reported deferred outflows and inflows and of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	202,264
Changes in assumptions	216,388	56,190
Total	\$ 216,388	258,454

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

Year Ended June 30,	Amount
2021	\$ (4,348)
2022	(4,348)
2023	(4,348)
2024	(4,348)
2025	(4,348)
Thereafter	(20,326)
Total	\$ (42,066)

**(9) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$571,496 for the year ended June 30, 2020 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(10) 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, 2020 were \$1,901,585.

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.

**(11) Categorical Funding**

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

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

Program	Amount
Home School Assistance Program (HSAP)	129,732
Gifted and Talented Programs	58,532
Teacher Leadership State Aid	210,429
Teacher Salary Supplement	4,382
Iowa Early Intervention Block Grant	1,510
Textbook Aid for Nonpublic Students	1,189
Successful Progression for Early Readers	11,876
Total	<u>\$ 417,650</u>

**(12) Detailed Reconciliation of Governmental Fund Balances to Net Position**

The following is the detailed reconciliation of certain governmental funds balances to net position:

	Net investment in Capital Assets	Debt Service	Management Levy	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	83,939	1,006,510	3,502,728
Capital assets, net of accumulated depreciation	22,052,722	-	-	-
General obligation bond capitalized indebtedness	(6,160,000)	-	-	-
Revenue bond capitalized indebtedness	(2,878,000)	-	-	-
Accrued interest payable	-	(18,138)	-	-
Income surtax	-	-	-	844,478
Termination benefits	-	-	(145,100)	-
Compensated absences	-	-	-	(29,884)
Pension related deferred outflows	-	-	-	2,135,434
Pension related deferred inflows	-	-	-	(1,184,290)
Net pension liability	-	-	-	(7,694,273)
Total OPEB liability	-	-	-	(3,259,818)
OPEB related deferred outflows	-	-	-	208,122
OPEB related deferred inflows	-	-	-	(248,582)
Net position (Exhibit A)	\$ 13,014,722	65,801	861,410	(5,726,085)

### (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, 2020 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	\$ 12,250
City of Wellman	Urban Renewal and Economic Development Projects	\$ 2,181

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, 2020, this reimbursement amounted to \$8,336.

### (14) COVID-19

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

To date, the outbreak created a disruption to the operations of the Mid-Prairie Community School District due to the closure of school buildings and the move to virtual learning to complete the 2019-2020 school year. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the Mid-Prairie Community School District's operations and finances.

**(15) Prospective Accounting Change**

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

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, 2020

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Funds Actual		Original	Final	
Revenues:						
Local sources	\$ 11,143,122	309,250	11,452,372	12,809,719	12,809,719	(1,357,347)
State sources	9,902,241	4,482	9,906,723	8,442,094	8,442,094	1,464,629
Federal sources	596,197	335,166	931,363	1,145,000	1,145,000	(213,637)
Total revenues	<u>21,641,560</u>	<u>648,898</u>	<u>22,290,458</u>	<u>22,396,813</u>	<u>22,396,813</u>	<u>(106,355)</u>
Expenditures/Expenses:						
Instruction	12,039,467	-	12,039,467	12,190,000	12,190,000	150,533
Support services	5,872,141	-	5,872,141	7,265,000	7,265,000	1,392,859
Non-instructional programs	-	710,167	710,167	777,000	777,000	66,833
Other expenditures	7,035,481	-	7,035,481	3,077,313	7,500,000	464,519
Total expenditures/expenses	<u>24,947,089</u>	<u>710,167</u>	<u>25,657,256</u>	<u>23,309,313</u>	<u>27,732,000</u>	<u>2,074,744</u>
Excess (Deficiency) of revenues over (under) expenditures/expenses	(3,305,529)	(61,269)	(3,366,798)	(912,500)	(5,335,187)	1,968,389
Other financing sources, net	<u>3,187,000</u>	-	<u>3,187,000</u>	-	-	<u>3,187,000</u>
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	(118,529)	(61,269)	(179,798)	(912,500)	(5,335,187)	5,155,389
Balances beginning of year	<u>6,890,426</u>	<u>(65,049)</u>	<u>6,825,377</u>	<u>5,794,613</u>	<u>5,794,613</u>	<u>1,030,764</u>
Balances end of year	<u>\$ 6,771,897</u>	<u>(126,318)</u>	<u>6,645,579</u>	<u>4,882,113</u>	<u>459,426</u>	<u>6,186,153</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2020

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund; the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$4,422,687.

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 SIX YEARS\*  
 REQUIRED SUPPLEMENTARY INFORMATION

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.135544%	0.133669%	0.125309%	0.125479%	0.130221%	0.128599%
District's proportionate share of the net pension liability	\$ 7,848,896	8,458,888	8,347,220	7,896,762	6,433,526	5,100,096
District's covered payroll	\$ 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	76.09%	84.17%	89.24%	87.69%	72.18%	60.61%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 1,012,744	973,776	897,487	835,292	804,129	795,897	751,370	697,813	619,459	524,717
Contributions in relation to the statutorily required contribution	\$ (1,012,744)	(973,776)	(897,487)	(835,292)	(804,129)	(795,897)	(751,370)	(697,813)	(619,459)	(524,717)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 10,728,220	10,315,416	10,050,239	9,353,771	9,004,809	8,912,625	8,413,998	8,048,593	7,676,072	7,549,885
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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

	2020	2019	2018
Service cost	\$ 237,863	217,908	209,789
Interest cost	120,334	122,187	118,586
Differences between expected and actual experiences	(220,908)	-	-
Changes in assumptions	142,381	102,424	(73,952)
Benefit payments	(181,248)	(182,056)	(156,973)
Net change in total OPEB liability	98,422	260,463	97,450
Total OPEB liability beginning of year	3,290,867	3,030,404	2,932,954
Total OPEB liability end of year	<u>\$ 3,389,289</u>	<u>3,290,867</u>	<u>3,030,404</u>
Covered-employee payroll	\$ 9,693,874	9,791,000	9,414,000
Total OPEB liability as a percentage of covered-employee payroll	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, 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%

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2020

	Special Revenue		Total Nonmajor
	Management Levy	Student Activity	
<b>Assets</b>			
Cash and pooled investments	\$ 998,785	248,235	1,247,020
Receivables:			
Property tax:			
Delinquent	7,725	-	7,725
Succeeding year	570,000	-	570,000
<b>Total assets</b>	<b>\$ 1,576,510</b>	<b>248,235</b>	<b>1,824,745</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	3,640	3,640
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property taxes	570,000	-	570,000
Fund balances:			
Restricted for:			
Management levy purposes	1,006,510	-	1,006,510
Student activities	-	244,595	244,595
Total fund balances	1,006,510	244,595	1,251,105
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,576,510</b>	<b>248,235</b>	<b>1,824,745</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2020

	Special Revenue		Total Nonmajor
	Management Levy	Student Activity	
Revenues:			
Local sources:			
Local tax	\$ 400,245	-	400,245
Other	10,764	198,165	208,929
State sources	4,206	-	4,206
Total revenues	415,215	198,165	613,380
Expenditures:			
Current:			
Instruction:			
Regular	81,659	-	81,659
Other	-	178,580	178,580
Support services:			
Operation and maintenance of plant	179,885	-	179,885
Transportation	48,151	-	48,151
Total expenditures	309,695	178,580	488,275
Change in fund balances	105,520	19,585	125,105
Fund balances beginning of year	900,990	225,010	1,126,000
Fund balances end of year	\$ 1,006,510	244,595	1,251,105

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUND ACCOUNTS  
 JUNE 30, 2020

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 962,648	534,616	1,497,264
Receivables:			
Property tax:			
Delinquent	-	4,541	4,541
Succeeding year	-	255,488	255,488
Income surtax	-	422,239	422,239
Due from other governments	109,894	-	109,894
<b>Total assets</b>	<b>\$ 1,072,542</b>	<b>1,216,884</b>	<b>2,289,426</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 24,284	70,940	95,224
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	255,488	255,488
Income surtax	-	422,239	422,239
Total deferred inflows of resources	-	677,727	677,727
Fund balances:			
Restricted for:			
School infrastructure	1,048,258	-	1,048,258
Physical plant and equipment	-	468,217	468,217
Total fund balances	1,048,258	468,217	1,516,475
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,072,542</b>	<b>1,216,884</b>	<b>2,289,426</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUND ACCOUNTS  
 YEAR ENDED JUNE 30, 2020

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	902,483	902,483
Other	17,577	4,713	22,290
State sources	1,304,339	3,688	1,308,027
Total revenues	<u>1,321,916</u>	<u>910,884</u>	<u>2,232,800</u>
Expenditures:			
Current:			
Instruction:			
Regular	94,456	244,721	339,177
Support services:			
Instructional staff	37,520	60,201	97,721
Administration	3,781	11,693	15,474
Operation and maintenance of plant	-	7,850	7,850
Transportation	28,373	325,269	353,642
Capital outlay	733,583	381,350	1,114,933
Total expenditures	<u>897,713</u>	<u>1,031,084</u>	<u>1,928,797</u>
Excess (Deficiency) of revenues over (under) expenses	424,203	(120,200)	304,003
Other financing uses:			
Transfer out	<u>(831,989)</u>	-	<u>(831,989)</u>
Change in fund balances	(407,786)	(120,200)	(527,986)
Fund balances beginning of year	<u>1,456,044</u>	<u>588,417</u>	<u>2,044,461</u>
Fund balances end of year	<u>\$ 1,048,258</u>	<u>468,217</u>	<u>1,516,475</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, 2020

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Drama Workshop	\$ 1,768	4,197	5,084	881
Athletics	83,412	50,049	41,823	91,638
Athletics (Donations)	31,398	33,000	26,201	38,197
Annual	19,325	6,427	4,432	21,320
Class of 2019	3	-	-	3
Class of 2020	1,022	-	1,022	-
Soccer Fundraiser	8,178	-	-	8,178
Class of 2021	-	290	-	290
Renaissance	4,297	2,200	1,600	4,897
Post Prom	1,322	20	1,246	96
FFA	8,592	32,163	33,508	7,247
Cheerleading	8	59	-	67
Dance Team	19,316	4,708	1,744	22,280
Baseball	1,848	7,532	9,306	74
Boys Basketball	4,509	491	3,558	1,442
Girls Basketball	4,348	3,232	4,385	3,195
Football	1,696	24,239	18,566	7,369
Girls Golf	563	300	25	838
Boys Golf	289	-	-	289
Boys Soccer	9,476	1,356	781	10,051
Girls Soccer	4,363	1,356	1,340	4,379
Cross Country	1,268	911	954	1,225
Softball	2,844	557	413	2,988
Girls Track	1,680	356	159	1,877
Boys Track	700	368	160	908
Volleyball	1,927	5,535	2,487	4,975
Wrestling	1,347	5,712	5,947	1,112
FCCLA	6,015	9,662	9,913	5,764
FCCLA (District 6 president)	2,789	3,400	3,843	2,346
High School Student Council	707	45	83	669
<b>Total</b>	<b>\$ 225,010</b>	<b>198,165</b>	<b>178,580</b>	<b>244,595</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -  
 AGENCY FUND  
 YEAR ENDED JUNE 30, 2020

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b><u>Washington County Perkins Consortium</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 44,971	48,837	44,971	48,837
<b>Liabilities</b>				
Due to other groups	\$ 44,971	48,837	44,971	48,837

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues:</b>										
<b>Local sources:</b>										
Local tax	\$ 7,880,795	7,541,335	7,390,189	7,119,238	6,361,289	5,566,305	5,246,273	6,119,420	6,578,585	6,157,516
Tuition	2,596,589	2,347,606	2,228,469	2,117,122	1,602,052	1,500,645	1,451,238	1,376,781	1,418,826	1,305,059
Other	665,738	967,446	859,220	801,024	1,112,112	877,358	625,157	946,531	951,900	822,275
State sources	9,902,241	9,488,004	9,247,897	8,769,920	8,481,145	8,473,471	8,418,512	6,324,546	6,164,254	6,468,081
Federal sources	596,197	658,413	680,736	878,813	690,173	668,429	642,624	635,973	1,083,026	1,714,934
<b>Total</b>	<b>\$ 21,641,560</b>	<b>21,002,804</b>	<b>20,406,511</b>	<b>19,686,117</b>	<b>18,246,771</b>	<b>17,086,208</b>	<b>16,383,804</b>	<b>15,403,251</b>	<b>16,196,681</b>	<b>16,467,865</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular	\$ 7,155,428	7,183,998	6,907,579	6,865,017	6,705,207	6,985,348	6,741,838	6,688,700	5,624,107	4,942,744
Special	2,545,626	2,372,346	2,170,994	1,956,236	1,685,583	1,834,457	1,722,126	1,683,398	1,625,087	1,609,597
Other	2,338,413	2,364,242	2,303,400	2,028,398	1,905,934	1,902,879	1,894,167	1,810,855	2,024,754	2,847,204
<b>Support services:</b>										
Student	385,202	401,084	351,305	402,736	338,292	360,165	260,080	202,776	194,901	174,402
Instructional staff	825,302	751,908	718,139	943,421	598,207	551,474	564,674	540,709	560,597	423,011
Administration	2,103,810	1,983,594	2,027,284	1,707,017	1,748,241	1,794,038	1,599,558	1,360,350	1,161,481	1,081,186
Operation and maintenance of plant	1,435,124	1,466,300	1,383,976	1,316,941	1,248,399	1,194,020	1,145,504	1,090,448	952,569	922,093
Transportation	1,122,703	801,616	1,079,316	883,123	927,968	1,031,390	675,978	836,170	709,609	537,870
Capital outlay	1,114,933	857,183	685,831	4,281,284	6,249,609	2,806,546	706,657	558,908	3,465,414	3,353,819
<b>Long-term debt:</b>										
Principal	5,034,000	1,350,000	1,025,000	1,005,000	980,000	990,000	785,000	550,000	550,000	355,000
Interest	315,052	387,885	407,345	426,945	444,993	411,133	195,307	207,676	319,388	158,009
<b>Other expenditures:</b>										
AEA flowthrough	571,496	552,391	550,386	505,692	512,392	513,721	488,825	457,796	457,982	504,572
<b>Total</b>	<b>\$ 24,947,089</b>	<b>20,472,547</b>	<b>19,610,555</b>	<b>22,321,810</b>	<b>23,344,825</b>	<b>20,375,171</b>	<b>16,779,714</b>	<b>15,987,786</b>	<b>17,645,889</b>	<b>16,909,507</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020

GRANTOR/PROGRAM	PASS-THROUGH ENTITY		
	CFDA NUMBER	IDENTIFYING NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 20	\$ 19,024
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 20	316,142 *
			335,166
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 20	261,224
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 20	22,913
SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367	FY 20	62,500
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424	FY 20	12,755
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.425	FY 20	58,587
U.S. DEPARTMENT OF EDUCATION:			
MISSISSIPPI BEND AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 20	57,637
TOTAL			\$ 810,782

\* - Includes \$45,696 of non-cash awards

**Basis of Presentation** - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Ames Community School District under programs of the federal government for the year ended June 30, 2020. 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 Ames Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Ames 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, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or 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 does not use a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Mid-Prairie Community School District, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise Mid-Prairie Community School District's basic financial statements, and have issued our report thereon dated February 11, 2021.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-20 that we consider to be a material weaknesses.

## **Compliance and Other Matters**

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

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

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

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

## **Purpose of this Report**

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

February 11, 2021  
Newton, Iowa

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

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

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

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

We have audited Mid-Prairie Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. Mid-Prairie Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, Mid-Prairie Community School District complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.



## Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-20 that we consider to be a significant deficiency.

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

February 11, 2021  
Newton, Iowa

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020

**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 each major program 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 audit findings which were required to be reported in accordance with Uniform Guidance, Section 200.516(a).

(g) Major programs were as follows:

- Child Nutrition Cluster
- CFDA Number: 84.010 - Title 1 Grants to Local Educational Agencies

(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, 2020

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

II-A-20 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, the disbursement function, and replenishing petty cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 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) Wire transfers - processing and approval.
- 6) Financial reporting - preparing, reconciling and approving.
- 7) Computer systems - performing all general accounting functions and controlling all data input and output.
- 8) Journal entries - 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 continues to review ways to segregate duties in the central office. Beginning in Fiscal Year 2016 the District has engaged an external accounting professional to perform unannounced reviews of the current named activities and processes, above. Documentation of the process, above, is ongoing. Additionally, beginning in Fiscal Year 2018 the District began a one-week mandatory vacation for all Central Office employees. While on this mandatory leave, the above-mentioned external accounting professional reviews paper and electronic files, emails, mail, work area, and workflow of the person who is on vacation. A written report to the Superintendent is provided after each review visit. These reports are added to the Personnel File of each Central Office employee.

Conclusion - Response accepted.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

**CFDA Number 10.553 - School Breakfast Program**  
**CFDA Number 10.555 - National School Lunch Program**  
**Pass-Through Entity Identifying Number: FY20**  
**Federal Award Year: 2020**  
**Prior Year Finding Number: N/A**  
**U.S. Department of Agriculture**  
**Passed through the Iowa Department of Education**

**CFDA Number 84.010 - Title I Grants to Local Educational Agencies**  
**Pass-Through Entity Identifying Number: FY20**  
**Federal Award Year: 2020**  
**Prior Year Finding Number: N/A**  
**U.S. Department of Education**  
**Passed through the Iowa Department of Education**

III-A-20

(2020-001) Segregation of Duties - We noted during our audit the District did not properly segregate cash, investments, receipts, computer systems and journal entries including those related to federal programs. See II-A-20.

MID-PRAIRIE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020

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

- IV-A-20 Certified Budget - District expenditures for the year ended June 30, 2020, did not exceed the amounts budgeted in any of the functional areas.
- IV-B-20 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.
- IV-C-20 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-20 Business Transactions - No business transactions between the District and District officials or employees were noted.
- IV-E-20 Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- IV-F-20 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-G-20 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- IV-H-20 Certified Enrollment - We noted the enrollment data certified to the Iowa Department of Education was overstated by 1.00 students.

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

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

Conclusion - Response accepted.

- IV-I-20 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-J-20 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- IV-K-20 Categorical Funding - No instances were noted of categorical funding being used to supplant other than supplement other funds.
- IV-L-20 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-M-20 Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance		\$ 1,456,044
Revenues:		
Sales tax revenues	\$ 1,304,339	
Other state revenues	<u>17,577</u>	<u>1,321,916</u>
Expenditures/transfers out:		
School infrastructure construction	265,643	
Equipment	190,267	
Land Purchased	338,011	
Other	103,792	
Transfers to other funds:		
Debt service fund	<u>831,989</u>	<u>1,729,702</u>
Ending balance		<u>\$ 1,048,258</u>

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