

MIDLAND COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2025

MIDLAND COMMUNITY SCHOOL DISTRICT

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MIDLAND COMMUNITY SCHOOL DISTRICT

OFFICIALS
JUNE 30, 2025

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Scott Doll	President	2027
Stacie Cronkleton	Vice President	2027
Katie Baumer	Board Member	2027
Jason Sullivan	Board Member	2029
Kirk Dosland	Board Member	2029
Dustin Klein	Board Member	2029
James Graves	Board Member	2029
<u>School Officials</u>		
Doug Koerperich	Superintendent	Indefinite
Gene Lawson	Business Manager	Indefinite
Lynch Dallas PC	Attorney	2027
Alhers & Cooney PC	Attorney	2027



ANDERSON, LARKIN & CO. P.C.
Certified Public Accountants
"Your Success Is Our Business."

Kenneth E. Crosser, CPA
April D. Crosser, CPA
Michael J. Podliska, CPA
Adam L. Sturm, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Midland Community School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Midland Community School District, Wyoming, Iowa, as of and for the year ended June 30, 2025, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

In our opinion, the accompanying 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 Midland Community School District as of June 30, 2025, and the respective changes in financial position, and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions, and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 11 and 42 through 50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance 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 Midland Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2024 and expressed unmodified opinions on those financial statements. Other auditors audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the six years ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information in Schedules 1 through 6 is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2026 on our consideration of Midland 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 Midland Community School District's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO., P.C.

Anderson, Larkin & Co. P.C.

Ottumwa, Iowa
March 31, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Midland Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2025. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2025 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$8,247,232 in fiscal year 2024 to \$9,452,917 in fiscal year 2025, while General Fund expenditures increased from \$8,095,732 in fiscal year 2024 to \$8,100,237 in fiscal year 2025. The District's General Fund balance increased from \$660,313 in fiscal year 2024 to \$2,016,894 in fiscal year 2025, a 205.45% increase.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

Reporting the District's Financial Activities

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

The required financial statements for proprietary funds include a Statement of Net Position, 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 Private Purpose Trust Fund, as follows:

- Private Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position on June 30, 2025 compared to June 30, 2024.

Figure A-1
Condensed Statement of Net Position

	Governmental Activities June 30,		Business Type Activities June 30,		Total District June 30,		Total Change
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2024-2025</u>
Current and other assets	\$ 13,053,705	\$ 12,540,774	\$ 307,033	\$ 268,863	\$ 13,360,738	\$ 12,809,637	4.30 %
Capital assets	<u>23,702,145</u>	<u>18,606,175</u>	<u>2,489</u>	<u>-</u>	<u>23,704,634</u>	<u>18,606,175</u>	27.40
Total assets	<u>36,755,850</u>	<u>31,146,949</u>	<u>309,522</u>	<u>268,863</u>	<u>37,065,372</u>	<u>31,415,812</u>	17.98
Deferred outflows of resources	<u>859,245</u>	<u>1,125,292</u>	<u>-</u>	<u>-</u>	<u>859,245</u>	<u>1,125,292</u>	(23.64)
Long-term liabilities	18,422,724	13,012,725	-	-	18,422,724	13,012,725	41.57
Other liabilities	<u>1,940,851</u>	<u>2,827,690</u>	<u>43,564</u>	<u>62,632</u>	<u>1,984,415</u>	<u>2,890,322</u>	(31.34)
Total liabilities	<u>20,363,575</u>	<u>15,840,415</u>	<u>43,564</u>	<u>62,632</u>	<u>20,407,139</u>	<u>15,903,047</u>	28.32
Deferred inflows of resources	<u>5,071,146</u>	<u>5,149,402</u>	<u>-</u>	<u>-</u>	<u>5,071,146</u>	<u>5,149,402</u>	(1.52)
Net position:							
Net investment in capital assets	7,281,731	8,104,956	2,489	-	7,284,220	8,104,956	(10.13)
Restricted	4,204,866	6,648,012	-	-	4,204,866	6,648,012	(36.75)
Unrestricted	<u>693,777</u>	<u>(3,469,157)</u>	<u>263,469</u>	<u>206,231</u>	<u>957,246</u>	<u>(3,262,926)</u>	129.34
Total net position	\$ <u>12,180,374</u>	\$ <u>11,283,811</u>	\$ <u>265,958</u>	\$ <u>206,231</u>	\$ <u>12,446,332</u>	\$ <u>11,490,042</u>	8.32 %

The District's total net position increased by 8.32%, or \$956,290 from the prior year.

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

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$2,443,146, or 36.75% from the prior year. This decrease is primarily due to a decrease in funds restricted for capital projects and debt service in the current year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$4,220,172, or 129.34%. This increase in unrestricted net position was a result of a combination of factors, including revenues exceeding expenses in the Capital Projects Fund.

Figure A-2 shows the change in net position for the year ended June 30, 2025, compared to the year ended June 30, 2024.

Figure A-2
Statement of Activities

	Governmental Activities June 30,		Business Type Activities June 30,		Total District June 30,		Total Change
	2025	2024	2025	2024	2025	2024	2024-2025
Revenues							
Program revenues:							
Charges for services	\$ 516,382	\$ 604,448	\$ 183,249	\$ 163,864	\$ 699,631	\$ 768,312	(8.94) %
Operating grants, contributions and restricted interest	1,873,221	1,334,842	233,287	219,543	2,106,508	1,554,385	35.52
General revenues:							
Property tax	5,419,710	4,617,475	-	-	5,419,710	4,617,475	17.37
Statewide sales, services and use tax	647,590	710,641	-	-	647,590	710,641	(8.87)
Unrestricted state grants	2,803,885	3,039,261	-	-	2,803,885	3,039,261	(7.74)
Unrestricted investment earnings	394,523	275,800	-	-	394,523	275,800	43.05
Other	3,901	18,798	-	-	3,901	18,798	(79.25)
Total revenues	<u>11,659,212</u>	<u>10,601,265</u>	<u>416,536</u>	<u>383,407</u>	<u>12,075,748</u>	<u>10,984,672</u>	<u>9.93</u>
Program expenses:							
Instruction	5,805,648	5,193,389	-	-	5,805,648	5,193,389	11.79
Support services	3,678,248	2,869,672	-	-	3,678,248	2,869,672	28.18
Non-instructional programs	-	-	356,809	379,412	356,809	379,412	(5.96)
Other expenses	1,278,753	994,965	-	-	1,278,753	994,965	28.52
Total expenses	<u>10,762,649</u>	<u>9,058,026</u>	<u>356,809</u>	<u>379,412</u>	<u>11,119,458</u>	<u>9,437,438</u>	<u>17.82</u>
Change in net position	896,563	1,543,239	59,727	3,995	956,290	1,547,234	(38.19)
Net position beginning of year	<u>11,283,811</u>	<u>9,740,572</u>	<u>206,231</u>	<u>202,236</u>	<u>11,490,042</u>	<u>9,942,808</u>	<u>15.56</u>
Net position end of year	<u>\$ 12,180,374</u>	<u>\$ 11,283,811</u>	<u>\$ 265,958</u>	<u>\$ 206,231</u>	<u>\$ 12,446,332</u>	<u>\$ 11,490,042</u>	<u>8.32 %</u>

In the fiscal year 2025 property tax, operating grants, and unrestricted state grants accounted for 86.60% of governmental activities revenue while charges for services and sales and operating grants and contributions accounted for 100% of business-type activities revenues. The District's total revenues were approximately \$12.1 million, of which approximately \$11.7 million was for governmental activities and approximately \$0.4 million was for business-type activities.

As shown in Figure A-2, the District as a whole experienced a 9.93% increase in revenues and a 17.82% increase in expenses. The increase in revenues was due to an increase in operating grants, contributions and restricted interest, and property tax. The increase in expenses was due to an increase in instructional and support services expenses incurred when compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$11,659,212 and expenses were \$10,762,649 for the year ended June 30, 2025.

For the year ended June 30, 2025:

- The cost financed by users of the District's programs was \$516,382.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$1,873,221.

- The net cost of governmental activities was financed with \$5,419,710 in property and other taxes, \$647,590 in statewide sales, services and use tax, \$2,803,885 in unrestricted state grants, \$394,523 in unrestricted investment earnings, and \$3,901 in other income

The following table (Figure A-3) presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2025 compared to the year ended June 30, 2024.

Figure A-3

Total and Net Cost of Governmental Activities							
<u>Total Cost of Services</u>				<u>Net Cost of Services</u>			
			Total				Total
	June 30,		Change		June 30,		Change
	<u>2025</u>	<u>2024</u>	<u>2024-2025</u>		<u>2025</u>	<u>2024</u>	<u>2024-2025</u>
Instruction	\$ 5,805,648	\$ 5,193,389	11.79 %	\$	3,957,065	\$ 3,425,643	15.51 %
Support services	3,678,248	2,869,672	28.18		3,342,299	3,067,303	8.97
Other expenses	<u>1,278,753</u>	<u>994,965</u>	28.52		<u>1,073,682</u>	<u>771,995</u>	39.08
Total expenses	\$ <u>10,762,649</u>	\$ <u>9,058,026</u>	18.82 %	\$	<u>8,373,046</u>	\$ <u>7,264,941</u>	15.25 %

Business Type Activities

Revenues for business-type activities during the year-ended June 30, 2025, were \$416,536 representing a 8.64% increase from the prior year, while expenses totaled \$356,809, a 5.96% decrease from the prior year. The District's business-type activities include the School Nutrition Fund, the Preschool Fund and the WRAP Program Fund. Revenues of these activities were comprised of charges for service, and federal and state reimbursements.

During the year ended June 30, 2025, the District had an increase in charges for services for the student meal program.

INDIVIDUAL FUND ANALYSIS

As previously noted, Midland 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 balance of \$5,825,298, an increase over last year's ending fund balances of \$4,336,526. The primary reason for the increase in combined fund balances at the end of fiscal year 2025 is due to debt proceeds revenue in the Capital Projects Fund.

Governmental Fund Highlights

- The District's increase in General Fund financial position is the product of many factors. Total revenues increased due to an increase in local source revenue received compared to the prior year. Total revenue outpaced total expense for the year resulting in an increase of the General Fund balance from \$660,313 at June 30, 2024 to \$2,016,894 at June 30, 2025.
- The Capital Projects Fund balance increased from a deficit balance of \$191,753 at June 30, 2024 to \$2,980,300 at June 30, 2025. This increase was primarily due to the debt proceeds received during the year.
- The Debt Service Fund balance decreased from \$2,808,487 at June 30, 2024 to \$131,390 at June 30, 2025. This decrease was primarily due to a decrease in local source revenue in the current year.

Proprietary Fund Highlights

Proprietary net position increased from \$206,231 at June 30, 2024 to \$265,958 at June 30, 2025, representing an increase of 28.96%. A decrease in purchased services expense was the primary reason for the increase in net position during the year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Midland Community School District made no amendment to their original budget.

The District's revenues were \$438,995 more than budgeted revenues, a variance of 3.77%. The most significant variance resulted from the District receiving more in local and state source revenues than originally anticipated.

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

In spite of the District's budgetary practice, expenditures in the support services, non-instructional programs, and other expenditure program functional areas exceeded the amount budgeted due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the District had invested \$23,704,634 net of accumulated depreciation/amortization, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment, transportation equipment, and intangible assets. (See Figure A-4) This amount represents a net increase of 27.40% from last year. More detailed information about the District's capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$610,468.

The original cost of the District's capital assets was \$32,075,074. Governmental activities account for \$31,892,481 with the remainder of \$182,593 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category, which totaled \$7,952,985 at June 30, 2025, compared to \$2,430,039 reported at June 30, 2024. This increase resulted from additions during the year, with no projects being completed.

Figure A-4
Capital Assets, Net of Depreciation/Amortization

	Governmental Activities June 30,		Business Type Activities June 30,		Total District June 30,		Total Change
	2025	2024	2025	2024	2025	2024	2024-2025
Land	\$ 42,857	\$ 42,857	\$ -	\$ -	\$ 42,857	\$ 42,857	0.00 %
Construction in progress	7,952,985	2,430,039	-	-	7,952,985	2,430,039	100.00
Buildings	14,270,066	14,664,219	-	-	14,270,066	14,664,219	(2.69)
Improvements other than buildings	374,798	409,659	-	-	374,798	409,659	(8.51)
Furniture and equipment	732,934	674,285	2,489	-	735,423	674,285	9.07
Right-to-use leased equipment	328,505	385,116	-	-	328,505	385,116	(14.70)
Totals	\$ 23,702,145	\$ 18,606,175	\$ 2,489	\$ -	\$ 23,704,634	\$ 18,606,175	27.40 %

Long-Term Debt

At June 30, 2025, the District had \$18,422,724 in total long-term debt outstanding, net of unamortized premiums on bond issuance. This represents an increase of 36.42% from last year. (See Figure A-5) Additional information about the District's long-term liabilities is available in Note 5 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$21 million.

Figure A-5
Outstanding Long-term Obligations

	Governmental		
	Activities		Change
	June 30,		June 30,
	2025	2024	2024-2025
General obligation bonds, net			
of unamortized premium	\$ 15,325,989	\$ 7,394,543	107.26 %
Revenue bonds	730,000	3,330,000	(78.08)
Lease agreement payable	364,425	441,727	(17.50)
Termination benefits	-	46,589	(100.00)
Net pension liability	1,912,591	2,105,870	(9.18)
Total OPEB liability	89,719	86,543	3.67
Totals	\$ 18,422,724	\$ 13,405,272	37.43 %

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances which could significantly affect its financial health in the future:

- The District's total valuation has shown a steady increase over the past 3 years.
- Enrollment for the District is quite uncertain. We tend to have a number of transient students: those that enroll, and then mid-year move out of the District.
- The District has ongoing capital project improvements to the buildings and technology needs.
- Negotiated contracts have been settled at this time.
- The District continues to recognize a special education deficit balance, despite utilizing Medicaid. Medicaid dollars offset special education expenditures. Without utilizing Medicaid, the District's special education deficit would be considerably higher.
- Additional steps to increase revenue were taken by continuing participation in Iowa School Joint Investment Trust program.
- The District has experienced a decline in the solvency ratio the past 3 years and is making staff and budget adjustments as a result of the decline.

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 Gene Lawson, District Board Secretary/Treasurer and School Business Official, Midland Community School District, 106 West Webster Street, Wyoming, Iowa, 52362.

BASIC FINANCIAL STATEMENTS

MIDLAND COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Activities	Business Type Activities	Total
<u>ASSETS:</u>			
Cash, cash equivalents, and pooled investments	\$ 6,792,379	\$ 306,329	\$ 7,098,708
Receivables:			
Property tax:			
Delinquent	52,934	-	52,934
Succeeding year	4,991,303	-	4,991,303
Income surtax	325,223	-	325,223
Accounts	1,850	704	2,554
Due from other governments	890,016	-	890,016
Capital assets, net of accumulated depreciation	23,702,145	2,489	23,704,634
TOTAL ASSETS	36,755,850	309,522	37,065,372
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Pension related deferred outflows	859,245	-	859,245
<u>LIABILITIES:</u>			
Accounts payable	1,062,134	43,564	1,105,698
Salaries and benefits payable	820,558	-	820,558
Accrued interest payable	58,159	-	58,159
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable, net of unamortized premium	661,777	-	661,777
Revenue bonds payable	135,000	-	135,000
Lease agreements payable	39,799	-	39,799
Portion due after one year:			
Revenue bonds payable	595,000	-	595,000
Lease agreements payable	324,626	-	324,626
General obligation bonds payable, net of unamortized premium	14,664,212	-	14,664,212
Net pension liability	1,912,591	-	1,912,591
Total OPEB liability	89,719	-	89,719
TOTAL LIABILITIES	20,363,575	43,564	20,407,139
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable property tax revenue	4,991,303	-	4,991,303
OPEB related deferred inflows	36,127	-	36,127
Pension related deferred inflows	14,527	-	14,527
Other	29,189	-	29,189
TOTAL DEFERRED INFLOWS OF RESOURCES	5,071,146	-	5,071,146
<u>NET POSITION:</u>			
Net investment in capital assets	7,281,731	2,489	7,284,220
Restricted for:			
Categorical funding	396,462	-	396,462
School infrastructure	2,195,792	-	2,195,792
Management levy purposes	668,402	-	668,402
Physical plant and equipment	784,508	-	784,508
Student activities	28,312	-	28,312
Debt service	131,390	-	131,390
Unrestricted (deficit)	693,777	263,469	957,246
TOTAL NET POSITION	\$ 12,180,374	\$ 265,958	\$ 12,446,332

MIDLAND COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions and Restricted Interest</u>
<u>FUNCTIONS/PROGRAMS:</u>			
Governmental activities:			
Instruction:			
Regular	\$ 3,677,453	\$ 477,844	\$ 877,025
Special	1,294,910	14,387	-
Other	833,285	23,647	455,680
	<u>5,805,648</u>	<u>515,878</u>	<u>1,332,705</u>
Support services:			
Student support	604,399	-	-
Instructional staff support	205,034	-	-
Administration	1,029,813	-	-
Operation and maintenance of plant	972,914	-	-
Transportation	866,088	504	335,445
	<u>3,678,248</u>	<u>504</u>	<u>335,445</u>
Other expenditures:			
Long-term debt interest and other costs, net	570,213	-	-
AEA flow through	205,071	-	205,071
Depreciation (unallocated)*	503,469	-	-
	<u>1,278,753</u>	<u>-</u>	<u>205,071</u>
Total governmental activities	<u>10,762,649</u>	<u>516,382</u>	<u>1,873,221</u>
Business type activities:			
Non-instructional programs:			
WRAP program	40,716	39,491	-
Food service operations	316,093	143,758	233,287
Total business type activities	<u>356,809</u>	<u>183,249</u>	<u>233,287</u>
Total	<u>\$ 11,119,458</u>	<u>\$ 699,631</u>	<u>\$ 2,106,508</u>

GENERAL REVENUES:

Property tax levied for:
General purposes
Capital outlay
Debt service
Instructional support surtax
Statewide sales, services and use tax
Unrestricted state grants
Unrestricted investment earnings
Proceeds from sales
Total general revenues

Changes in net position

Net position - Beginning of year

Net position - End of year

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

See Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
\$ (2,322,584)	\$ -	\$ (2,322,584)
(1,280,523)	-	(1,280,523)
<u>(353,958)</u>	<u>-</u>	<u>(353,958)</u>
<u>(3,957,065)</u>	<u>-</u>	<u>(3,957,065)</u>
(604,399)	-	(604,399)
(205,034)	-	(205,034)
(1,029,813)	-	(1,029,813)
(972,914)	-	(972,914)
<u>(530,139)</u>	<u>-</u>	<u>(530,139)</u>
<u>(3,342,299)</u>	<u>-</u>	<u>(3,342,299)</u>
(570,213)	-	(570,213)
-	-	-
<u>(503,469)</u>	<u>-</u>	<u>(503,469)</u>
<u>(1,073,682)</u>	<u>-</u>	<u>(1,073,682)</u>
<u>(8,373,046)</u>	<u>-</u>	<u>(8,373,046)</u>
-	(1,225)	(1,225)
-	<u>60,952</u>	<u>60,952</u>
-	<u>59,727</u>	<u>59,727</u>
<u>(8,373,046)</u>	<u>59,727</u>	<u>(8,313,319)</u>
4,099,679	-	4,099,679
301,706	-	301,706
696,546	-	696,546
321,779	-	321,779
647,590	-	647,590
2,803,885	-	2,803,885
394,523	-	394,523
<u>3,901</u>	<u>-</u>	<u>3,901</u>
<u>9,269,609</u>	<u>-</u>	<u>9,269,609</u>
896,563	59,727	956,290
<u>11,283,811</u>	<u>206,231</u>	<u>11,490,042</u>
\$ <u>12,180,374</u>	\$ <u>265,958</u>	\$ <u>12,446,332</u>

MIDLAND COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Capital Projects	Debt Service	Nonmajor	Total
<u>ASSETS</u>					
Cash, cash equivalents and pooled investments	\$ 2,416,091	\$ 3,520,230	\$ 135,774	\$ 720,284	\$ 6,792,379
Receivables:					
Property tax:					
Delinquent	42,835	2,841	7,258	-	52,934
Succeeding year	3,265,270	279,934	1,246,100	199,999	4,991,303
Income surtax	292,701	32,522	-	-	325,223
Accounts	1,850	-	-	-	1,850
Due from other governments	645,107	244,909	-	-	890,016
TOTAL ASSETS	\$ 6,663,854	\$ 4,080,436	\$ 1,389,132	\$ 920,283	\$ 13,053,705
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
<u>LIABILITIES:</u>					
Accounts payable	\$ 239,242	\$ 787,680	\$ 11,642	\$ 23,570	\$ 1,062,134
Salaries and benefits payable	820,568	-	-	-	820,568
TOTAL LIABILITIES	1,059,800	787,680	11,642	23,570	1,882,692
<u>DEFERRED INFLOWS OF RESOURCES:</u>					
Unavailable revenues:					
Succeeding year property tax	3,265,270	279,934	1,246,100	199,999	4,991,303
Income surtax	292,701	32,522	-	-	325,223
Inflows not received within 60 days	29,189	-	-	-	29,189
TOTAL DEFERRED INFLOWS OF RESOURCES	3,587,160	312,456	1,246,100	199,999	5,345,715
<u>FUND BALANCES:</u>					
Restricted for:					
Categorical funding	396,462	-	-	-	396,462
School infrastructure	-	2,195,792	-	-	2,195,792
Management levy purposes	-	-	-	668,402	668,402
Student activities	-	-	-	28,312	28,312
Debt service	-	-	131,390	-	131,390
Physical plant and equipment	-	784,508	-	-	784,508
Unassigned:					
General	1,620,432	-	-	-	1,620,432
TOTAL FUND BALANCES	2,016,894	2,980,300	131,390	696,714	5,825,298
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,663,854	\$ 4,080,436	\$ 1,389,132	\$ 920,283	\$ 13,053,705

MIDLAND COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS \$ 5,825,298

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 23,702,145

Income surtax receivable is not available to finance current year expenditures and, therefore, is recognized as deferred inflows of resources in the governmental funds. 325,223

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 funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (58,159)

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	\$	859,245		
Deferred inflows of resources		<u>(50,654)</u>		808,591

Long-term liabilities, including bonds payable, premium on bonds payable, lease agreements payable, termination benefits payable, total OPEB liability, and net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (18,422,724)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 12,180,374

MIDLAND COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
<u>REVENUES:</u>					
Local sources:					
Local tax	\$ 4,419,249	\$ 667,754	\$ 696,171	\$ 11,865	\$ 5,795,039
Tuition	493,806	-	-	-	493,806
Other	316,227	-	46,313	132,180	494,720
State sources	3,890,964	647,736	375	-	4,539,075
Federal sources	332,671	-	-	jmnnhkkkkkkkk	332,671
Total revenues	<u>9,452,917</u>	<u>1,315,490</u>	<u>742,859</u>	<u>144,045</u>	<u>11,655,311</u>
<u>EXPENDITURES:</u>					
Current:					
Instruction:					
Regular	3,202,695	6,588	-	174,408	3,383,691
Special	1,206,163	-	-	-	1,206,163
Other	773,061	-	-	-	773,061
	<u>5,181,919</u>	<u>6,588</u>	<u>-</u>	<u>174,408</u>	<u>5,362,915</u>
Support services:					
Student	562,976	-	-	-	562,976
Instructional staff	189,429	-	-	-	189,429
Administration	786,841	106,487	-	63,891	957,219
Operation and maintenance of plant	599,471	62,516	-	237,459	899,446
Transportation	574,530	150,437	-	31,052	756,019
	<u>2,713,247</u>	<u>319,440</u>	<u>-</u>	<u>332,402</u>	<u>3,365,089</u>
Capital outlay	-	6,597,257	-	-	6,597,257
Long-term debt:					
Principal	-	-	3,254,028	-	3,254,028
Interest and fiscal charges	-	-	586,080	-	586,080
	-	-	<u>3,840,108</u>	-	<u>3,840,108</u>
Other expenditures:					
AEA flow through	205,071	-	-	-	205,071
Total expenditures	<u>8,100,237</u>	<u>6,923,285</u>	<u>3,840,108</u>	<u>506,810</u>	<u>19,370,440</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,352,680</u>	<u>(5,607,795)</u>	<u>(3,097,249)</u>	<u>(362,765)</u>	<u>(7,715,129)</u>
Other financing sources (uses):					
Proceeds from sale of property	3,901	-	-	-	3,901
Proceeds from debt	-	9,200,000	-	-	9,200,000
Transfer in	-	-	420,152	-	420,152
Transfer out	-	(420,152)	-	-	(420,152)
Total other financing sources (uses)	<u>3,901</u>	<u>8,779,848</u>	<u>420,152</u>	<u>-</u>	<u>9,203,901</u>
Change in fund balances	1,356,581	3,172,053	(2,677,097)	(362,765)	1,488,772
<u>FUND BALANCES</u> - Beginning of year	<u>660,313</u>	<u>(191,753)</u>	<u>2,808,487</u>	<u>1,059,479</u>	<u>4,336,526</u>
<u>FUND BALANCES</u> - End of year	\$ <u>2,016,894</u>	\$ <u>2,980,300</u>	\$ <u>131,390</u>	\$ <u>696,714</u>	\$ <u>5,825,298</u>

MIDLAND 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, 2025

CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,488,772

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 and depreciation expense in the current year are as follows:

Expenditures for capital assets	\$ 5,706,212	
Depreciation expense	<u>(610,242)</u>	5,095,970

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

Repaid	3,254,028	
Proceeds	<u>(9,200,000)</u>	(5,945,972)

Income surtax receivable is not available to finance expenditures of the current year and is recognized as a deferred inflow of resources in the governmental funds.	(15,661)
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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.	(10,910)
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Amortization of the premium on bonds payable did not provide current financial resources in the governmental funds but it decreases liabilities in the statement of net position.	26,777
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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.	457,504
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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 governmental funds, as follows:

Pension expense - IPERS	(180,560)	
Termination benefits expense	8,731	
Other postemployment benefits	<u>(28,088)</u>	<u>(199,917)</u>

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 896,563

MIDLAND COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2025

	<u>School Nutrition</u>	<u>Nonmajor Preschool</u>	<u>Nonmajor WRAP</u>	<u>Total</u>
<u>ASSETS:</u>				
Current assets:				
Cash, cash equivalents and pooled investments	\$ 207,022	\$ -	\$ 99,307	\$ 306,329
Accounts receivable	704	-	-	704
Total current assets	<u>207,726</u>	<u>-</u>	<u>99,307</u>	<u>307,033</u>
Noncurrent assets:				
Capital assets, net of accumulated depreciation	2,489	-	-	2,489
TOTAL ASSETS	<u>210,215</u>	<u>-</u>	<u>99,307</u>	<u>309,522</u>
<u>LIABILITIES:</u>				
Current liabilities:				
Accounts payable	11,087	32,477	-	43,564
Total current liabilities	<u>11,087</u>	<u>32,477</u>	<u>-</u>	<u>43,564</u>
TOTAL LIABILITIES	<u>11,087</u>	<u>32,477</u>	<u>-</u>	<u>43,564</u>
<u>NET POSITION:</u>				
Net investment in capital assets	2,489	-	-	2,489
Unrestricted	196,639	(32,477)	99,307	263,469
TOTAL NET POSITION	<u>\$ 199,128</u>	<u>\$ (32,477)</u>	<u>\$ 99,307</u>	<u>\$ 265,958</u>

MIDLAND COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	<u>School Nutrition</u>	<u>Nonmajor Preschool</u>	<u>Nonmajor WRAP</u>	<u>Total</u>
Operating revenues:				
Local sources:				
Charges for service and other	\$ 143,758	\$ -	\$ 39,491	\$ 183,249
Operating expenses:				
Non-instructional programs:				
Salaries	116,847	-	34,263	151,110
Benefits	21,496	-	5,856	27,352
Purchased services	166,130	-	-	166,130
Supplies	11,394	-	597	11,991
Depreciation	226	-	-	226
Total operating expenses	<u>316,093</u>	<u>-</u>	<u>40,716</u>	<u>356,809</u>
Operating income (loss)	<u>(172,335)</u>	<u>-</u>	<u>(1,225)</u>	<u>(173,560)</u>
Non-operating revenue:				
Capital contributions	2,715	-	-	2,715
State sources	611	-	-	611
Federal sources	222,031	-	7,930	229,961
Total non-operating revenue	<u>225,357</u>	<u>-</u>	<u>7,930</u>	<u>233,287</u>
Change in net position	53,022	-	6,705	59,727
<u>NET POSITION</u> - Beginning of year	<u>146,106</u>	<u>(32,477)</u>	<u>92,602</u>	<u>206,231</u>
<u>NET POSITION</u> - End of year	\$ <u>199,128</u>	\$ <u>(32,477)</u>	\$ <u>99,307</u>	\$ <u>265,958</u>

MIDLAND COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2025

	School Nutrition	Nonmajor Preschool	Nonmajor WRAP	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Cash received from sale of services	\$ 143,758	\$ -	\$ 39,491	\$ 183,249
Cash payments to employees for services	(138,343)	-	(40,119)	(178,462)
Cash payments to suppliers for goods and services	(166,710)	-	(597)	(167,307)
Net cash used in operating activities	(161,295)	-	(1,225)	(162,520)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>				
State grants received	611	-	-	611
Federal grants received	192,220	-	7,930	200,150
Net cash provided by non-capital financing activities	192,831	-	7,930	200,761
Net decrease in cash, cash equivalents and pooled investments	31,536	-	6,705	38,241
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - beginning of year</u>	<u>175,486</u>	<u>-</u>	<u>92,602</u>	<u>268,088</u>
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - end of year</u>	<u>\$ 207,022</u>	<u>\$ -</u>	<u>\$ 99,307</u>	<u>\$ 306,329</u>
<u>RECONCILIATION OF OPERATING LOSS</u>				
<u>TO NET CASH USED IN OPERATING ACTIVITIES:</u>				
Operating income loss	\$ (172,335)	\$ -	\$ (1,225)	\$ (173,560)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	226	-	-	226
Commodities used	29,811	-	-	29,811
Decrease in accounts receivable	71	-	-	71
Decrease in accounts payable	(19,068)	-	-	(19,068)
Net cash used in operating activities	\$ (161,295)	\$ -	\$ (1,225)	\$ (162,520)

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2025, the District received \$29,811 of federal commodities.

MIDLAND COMMUNITY SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2025

Private Purpose Trust Scholarship
--

ASSETS:

Cash, cash equivalents, and pooled investments

\$ 283,384LIABILITIES: None-NET POSITION:

Restricted for scholarships

\$ 283,384

MIDLAND COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2025

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Interest income	\$ 3,406
Donations	<u>50,000</u>
Total additions	<u>53,406</u>
Deductions:	
Scholarships awarded	<u>23,847</u>
Change in net position	29,559
NET POSITION - beginning of year	<u>253,825</u>
NET POSITION - end of year	\$ <u><u>283,384</u></u>

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Midland Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education prekindergarten. The geographic area served includes the Cities of Wyoming, Onslow, Oxford Junction, Lost Nation, Center Junction and Monmouth, Iowa, and the predominate agricultural territory in a portion of Jones, Jackson, Clinton and Cedar Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

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

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

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

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

The District reports one major proprietary fund. The Enterprise, School Nutrition Fund is used to account for the food service operations of the District. The non-major proprietary funds consists of the Preschool Fund and WRAP Program Fund, which are used to account for the operations of each program for the District.

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

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

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.

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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 and claims and judgments are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets 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 that can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balances and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

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

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

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

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

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

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, on 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.

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

Property Tax Receivable (Continued)

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 becomes due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on the January 1, 2023 assessed property valuations; is for the tax accrual period July 1, 2024 through June 30, 2025 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2024.

Due from Other Governments – Due from other governments represent 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 and furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under "Leases" below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Intangibles	25,000
Right-to-use leased assets	5,000
Furniture and equipment:	
School nutrition fund equipment	500
Other machinery and equipment	2,500

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

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

Capital Assets (Continued)

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	5-20 years
Furniture and equipment	3-15 years
Right-to-use leased assets	Life of lease

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

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

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

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

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

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

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

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

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 and business type activities columns in the Statement of Net Position.

Termination Benefits – The District offers a voluntary early retirement plan to its certified employees, who meet certain eligibility requirements including years of consecutive service to the District. Employees must have completed an application, which was required to be approved by the Board of Education. Early retirement benefits are paid pursuant to the early retirement payment option the employees select. Early retirement benefits paid during the year ended June 30, 2025 totaled \$8,731 and the District had no liability payable to individuals at June 30, 2025. The termination benefits will be paid primarily by the Management Fund.

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

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year-end, and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

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

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

Fund Balance (continued)

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

Committed – Amounts restricted to specific purposes when constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classification.

Budgets and Budgetary Accounting - The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2025, expenditures exceeded the amounts budgeted in the support services, non-instructional, and other expenditures areas.

NOTE 2: CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS

The District's deposits in banks on June 30, 2025, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2025 the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$3,292,293. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

NOTE 3: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2025, is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt service	Construction	347,504
Debt service	Statewide sales, service and use tax	\$ 72,648
Total		\$ <u>420,152</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 42,857	\$ -	\$ -	\$ 42,857
Construction in progress	2,430,039	5,522,946	-	7,952,985
Total capital assets not being depreciated	<u>2,472,896</u>	<u>5,522,946</u>	<u>-</u>	<u>7,995,842</u>
Capital assets being depreciated:				
Buildings	19,016,283	-	-	19,016,283
Improvements other than buildings	938,710	-	-	938,710
Furniture and equipment	3,108,380	183,266	-	3,291,646
Right-to-use leased equipment	650,000	-	-	650,000
Total capital assets being depreciated	<u>23,713,373</u>	<u>183,266</u>	<u>-</u>	<u>23,896,639</u>
Less accumulated depreciation for:				
Buildings	4,352,064	394,153	-	4,746,217
Improvements other than buildings	529,051	34,861	-	563,912
Furniture and equipment	2,434,095	124,617	-	2,558,712
Right-to-use leased equipment	264,884	56,611	-	321,495
Total accumulated depreciation	<u>7,580,094</u>	<u>610,242</u>	<u>-</u>	<u>8,190,336</u>
Total capital assets being depreciated, net	<u>16,133,279</u>	<u>(426,976)</u>	<u>-</u>	<u>15,706,303</u>
Governmental activities capital assets, net	\$ <u>18,606,175</u>	\$ <u>5,095,970</u>	\$ <u>-</u>	\$ <u>23,702,145</u>
Business-type activities:				
Furniture and equipment	179,878	2,715	-	182,593
Less accumulated depreciation	<u>179,878</u>	<u>226</u>	<u>-</u>	<u>180,104</u>
Business-type activities capital assets, net	\$ <u>-</u>	\$ <u>2,489</u>	\$ <u>-</u>	\$ <u>2,489</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 37,866
Other	3,344
Support services:	
Instructional staff	1,667
Administration	2,164
Operation and maintenance of plant	7,289
Transportation	54,443
Unallocated depreciation	<u>503,469</u>
Total governmental activities depreciation expense	\$ <u>610,242</u>

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 5: LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2025, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds					
net of unamortized premium	\$ 6,767,766	\$ 9,200,000	\$ 641,777	\$ 15,325,989	\$ 661,777
Lease agreements payable	403,453	-	39,028	364,425	39,799
Revenue bonds	3,330,000	-	2,600,000	730,000	135,000
Termination benefits	8,731	-	8,731	-	-
Net pension liability	2,424,255	-	511,664	1,912,591	-
Total OPEB liability	78,520	11,199	-	89,719	-
Total	\$ <u>13,012,725</u>	\$ <u>9,211,199</u>	\$ <u>3,801,200</u>	\$ <u>18,422,724</u>	\$ <u>836,576</u>

Lease Agreements

On January 21, 2019, the District entered into a lease agreement for solar equipment. An initial lease liability was recorded in the amount of \$650,000 at the inception of the lease. The agreement requires monthly payments of \$3,881 over 15 years with an implicit interest rate of 1.96% and finally payment due December 30, 2033. During the year ended June 30, 2025, principal and interest paid were \$39,028 and \$7,543, respectively. Future payments required on the lease agreements were as follows as of June 30, 2025:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2026	1.96 %	\$ 39,799	\$ 6,773	\$ 46,572
2027	1.96	40,584	5,987	46,571
2028	1.96	41,385	5,186	46,571
2029	1.96	42,202	4,369	46,571
2030	1.96	43,035	3,536	46,571
2031-2034	1.96	<u>157,420</u>	<u>8,177</u>	<u>165,597</u>
		\$ <u>364,425</u>	\$ <u>34,028</u>	\$ <u>398,453</u>

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 5: LONG-TERM LIABILITIES (Continued)

General Obligation Bonds

During the year ended June 30, 2023, the District issued \$8,425,000 of general obligation refunding bonds. A premium (net of discounts) on the general obligation bonds was also recognized in the amount of \$334,708. The premium will be amortized annually as the bonds are repaid. Principal of \$600,000 and interest of \$175,150 was paid on the bonds during the fiscal year.

General Obligation Refunding Bond Issue of December 21, 2022

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	3.00 %	\$ 635,000	\$ 138,700	\$ 773,700
2027	3.00	655,000	119,650	774,650
2028	3.00	675,000	100,000	775,000
2029	3.00	685,000	86,500	771,500
2030	2.00	700,000	72,800	772,800
2031-2034	2.00	<u>2,535,000</u>	<u>148,300</u>	<u>2,683,300</u>
		\$ <u>5,885,000</u>	\$ <u>665,950</u>	\$ <u>6,550,950</u>

During the year ended June 30, 2025, the District issued \$9,200,000 of general obligation refunding bonds. There was no principal paid but there was interest of \$264,406 was paid on the bonds during the fiscal year.

General Obligation Refunding Bond Issue of September 11, 2024

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	3.00 %	\$ 60,000	\$ 405,202	\$ 465,202
2027	3.00	-	459,763	459,763
2028	3.00	-	459,763	459,763
2029	3.00	-	459,763	459,763
2030	2.00	-	459,763	459,763
2031-2034	2.00	295,000	2,275,213	2,570,213
2035-2039		3,910,000	1,409,763	5,319,763
2040-2044		<u>4,935,000</u>	<u>419,369</u>	<u>5,354,369</u>
		\$ <u>9,200,000</u>	\$ <u>6,348,599</u>	\$ <u>15,548,599</u>

Revenue Bonds

Details of the District's June 30, 2025 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Revenue Bond Issue of October 2010

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	4.00 %	\$ 135,000	\$ 29,957	\$ 164,957
2027	4.05	140,000	24,558	164,558
2028	4.10	145,000	18,888	163,888
2029	4.15	155,000	12,943	167,943
2030	4.20 %	155,000	6,510	161,510
Total		\$ <u>730,000</u>	\$ <u>92,856</u>	\$ <u>822,856</u>

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 5: LONG-TERM LIABILITIES (Continued)

Revenue Bonds (Continued)

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,600,000 of bonds issued in December 2009. The bonds were issued to finance a portion of the costs of school construction. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2025. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Starting July 1, 2010, the District is required to set aside \$178,354 per year in a sinking fund to be used to pay the bonds at maturity. Annual sinking fund and interest payments on the bonds are expected to require approximately 70% of the statewide sales and services tax revenues. The revenue bonds were paid off during the fiscal year. For the current year, \$2,600,000 and \$121,449 of interest was paid on the bonds and statewide sales, services and use tax revenues were \$647,590.

The District has pledged future statewide sales, services and use tax revenues to repay the \$730,000 of bonds issued in October 2010. The bonds were issued to finance a portion of the costs of a new school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 10% of the statewide sales and services tax revenues. The total principal and interest remaining to be paid on the bonds is \$822,856. For the current year, no principal and \$29,957 of interest was paid on the bonds and statewide sales, services and use tax revenues were \$647,590.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions: Bonds maturing after January 1, 2017 may be called for redemption by the issuer and paid before maturity on said date or any date thereafter.

- a) \$286,232 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The reserve account is part of the District's Capital Projects Fund.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be transferred into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose. The sinking fund is part of the District's Debt Service Fund.

The District complied with all the revenue bond provisions during the year ended June 30, 2025.

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 6: PENSION PLAN – IPERS

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.

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

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50 percent 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 are eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires 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.

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 6: PENSION PLAN – IPERS (Continued)

In fiscal year 2025, 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, 2025 totaled \$457,504.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2025, the District reported a liability of \$1,912,591 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024, the District's proportion was 0.051792 percent, which was a decrease of 0.001917 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$303,051. At June 30, 2025, 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	\$ 152,186	\$ 1,188
Changes of assumptions	-	27
Net difference between projected and actual earnings on IPERS investments	23,920	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	225,635	13,312
District contributions subsequent to the measurement date	<u>457,504</u>	<u>-</u>
Total	<u>\$ 859,245</u>	<u>\$ 14,527</u>

\$457,504 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, 2025. 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,	Total
2026	\$ (159,664)
2027	536,254
2028	52,583
2029	(47,970)
2030	6,011
Total	<u>\$ 387,214</u>

There were no non-employer contributing entities at IPERS.

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6: PENSION PLAN – IPERS (Continued)

Actuarial Assumptions – The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

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

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of a quadrennial experience study dated July 1, 2017 through June 30, 2021.

Mortality rates used in the 2024 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	21.0 %	3.52 %
International equity	13.0	5.18
Global smart beta equity	5.0	4.12
Core plus fixed income	25.5	3.04
Public credit	3.0	4.53
Cash	1.0	1.69
Private equity	17.0	8.89
Private real assets	9.0	4.25
Private credit	5.5	6.62
Total	<u>100.0 %</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to currently 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.

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 6: PENSION PLAN – IPERS (Continued)

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 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6 percent) or 1% higher (8 percent) than the current rate.

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share the net pension liability:	\$ 4,693,464	\$ 1,912,591	\$ (416,405)

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

NOTE 7: OTHER POST EMPLOYMENT 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.

Retired participants must be age 55 or older at retirement. At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>46</u>
Total	<u>49</u>

Total OPEB Liability – The District's total OPEB liability of \$89,719 was measured as of June 30, 2025 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2024)	3.00% per annum.
Rates of salary increase (effective June 30, 2024)	3.00% OPEB directly determined by, years, not salary.
Discount Rate (effective June 30, 2024)	5.00% compounded annually, including inflation
Healthcare cost trend rate (effective June 30, 2024)	6.00% per annum

Discount Rate – The discount rate used to measure the total OPEB liability was 5.00% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Public Plan 2010 tables. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 7: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ <u>78,520</u>
Changes for the year:	
Service cost	8,866
Interest	4,151
Changes in assumptions	(1,818)
Benefit payments	<u>-</u>
Net changes	<u>11,199</u>
Total OPEB liability end of year	\$ <u>89,719</u>

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 (4.00%) or 1% higher (6.00%) than the current discount rate.

	1% Decrease (4.00)	Discount Rate (5.00)	1% Increase (6.00)
Total OPEB liability	\$ <u>74,587</u>	\$ <u>89,719</u>	\$ <u>108,567</u>

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 was calculated using healthcare cost trend rates that are 1% lower (5.00%) or 1% higher (7.00%) than the current healthcare cost trend rates.

	1% Decrease (5.00)	Healthcare Cost Trend Rate (6.00)	1% Increase (7.00)
Total OPEB liability	\$ <u>102,333</u>	\$ <u>89,719</u>	\$ <u>78,864</u>

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB – For the year ended June 30, 2025, the District recognized OPEB expense of \$8,832. At June 30, 2025, the District reported deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ (36,127)
Change of assumptions	<u>-</u>
Total	\$ <u>(36,127)</u>

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 7: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

The amount reported as deferred inflows of resources related to OPEB will be recognized as an offset to OPEB expense as follows:

Year Ended

June 30,

2025 \$ (1,687)

2026 (1,556)

2027 (1,425)

2028 (1,294)

2029 (1,163)

Thereafter (29,002)

\$ (36,127)

NOTE 8: RISK MANAGEMENT

Midland 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.

NOTE 9: AREA EDUCATION AGENCY

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$205,071 for the year ended June 30, 2025 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTE 10: 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.

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 10: CATEGORICAL FUNDING (Continued)

The District's ending restricted balances for categorical funding as of June 30, 2025, are comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Early intervention	\$ 6,891
At-risk and drop out prevention	38,004
Four-year old preschool	36,274
Early readers	32,035
TSS	73,612
Teacher leadership	69,635
Before and after school grants	1,468
Educator quality, professional development	108,141
Home school assistance program	27,198
Governor's advisory council, STEM	3,204
Total	<u>\$ 396,462</u>

NOTE 11: 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.

The District was not impacted by any tax abatements which meet the disclosure requirements of Governmental Accounting Standards Board Statement No. 77 for fiscal year 2025.

NOTE 12: FINANCIAL CONDITION

The Enterprise Fund – Preschool Fund had a deficit net position at June 30, 2025 and June 30, 2024, of \$32,477 and \$32,477 respectively.

NOTE 13: SUBSEQUENT EVENTS

The District has evaluated subsequent events through March 31, 2026, the date statements were available to be issued.

NOTE 14: CHANGE IN AREA EDUCATION AGENCY FUNDING

The Governor signed House File 2612 on March 27, 2024, which changes the percentage of educational and media services funding generated through local property taxes by Districts which flow through to each Area Education Agency (AEA) beginning July 1, 2024. For fiscal year 2026, 100% of the educational and media services funds generated by Districts will be received directly by the District and none will flow through to the AEAs. Also, for fiscal year 2026, Districts will flow through 90% (instead of 100%) of special education support services funds to AEAs, who will code the funds as a combination of state aid and property taxes.

REQUIRED SUPPLEMENTARY INFORMATION

MIDLAND 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, 2025

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Total <u>Actual</u>
<u>REVENUES:</u>			
Local sources	\$ 6,783,565	\$ 183,249	\$ 6,966,814
State sources	4,539,075	611	4,539,686
Federal sources	<u>332,671</u>	<u>229,961</u>	<u>562,632</u>
Total revenues	<u>11,655,311</u>	<u>413,821</u>	<u>12,069,132</u>
<u>EXPENDITURES/EXPENSES:</u>			
Instruction	5,362,915	-	5,362,915
Support services	3,365,089	-	3,365,089
Non-instructional programs	-	356,809	356,809
Other expenditures	<u>10,642,436</u>	<u>-</u>	<u>10,642,436</u>
Total expenditures/expenses	<u>19,370,440</u>	<u>356,809</u>	<u>19,727,249</u>
Excess (deficiency) of revenues (over) under expenditures/expenses	(7,715,129)	57,012	(7,658,117)
Other financing sources, net	<u>9,203,901</u>	<u>2,715</u>	<u>9,206,616</u>
Excess of revenues and other financing sources over expenditures/expenses and other financing uses	1,488,772	59,727	1,548,499
<u>BALANCE</u> - Beginning of year	<u>4,336,526</u>	<u>206,231</u>	<u>4,542,757</u>
<u>BALANCE</u> - End of year	\$ <u>5,825,298</u>	\$ <u>265,958</u>	\$ <u>6,091,256</u>

<u>Budgeted Amounts</u>		<u>Final to</u>	
<u>Original/Final</u>		<u>Actual</u>	
		<u>Variance</u>	
\$	6,510,806	\$	456,008
	4,369,331		170,355
	<u>750,000</u>		<u>(187,368)</u>
	<u>11,630,137</u>		<u>438,995</u>
	6,585,000		(1,222,085)
	3,119,000		246,089
	340,000		16,809
	<u>9,440,725</u>		<u>1,201,711</u>
	<u>19,484,725</u>		<u>242,524</u>
	(7,854,588)		681,519
	<u>9,120,000</u>		<u>86,616</u>
	1,265,412		768,135
	<u>5,035,428</u>		<u>(492,671)</u>
\$	<u>6,300,840</u>	\$	<u>(209,584)</u>

MIDLAND COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY REPORTING

YEAR ENDED JUNE 30, 2025

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except for the Private Purpose Trust and Custodial Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a modified accrual 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 functional areas 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 ended June 30, 2025, expenditures in the support services, non-instructional programs and other expenditure programs exceeded the amounts budgeted.

SUPPLEMENTARY INFORMATION

MIDLAND COMMUNITY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2025</u>	<u>2024</u>	<u>2023</u>
District's proportion of the net pension liability	0.051792 %	0.053709 %	0.053057 %
District's proportionate share of the net pension liability	\$ 1,912,591	\$ 2,424,255	\$ 2,105,870
District's covered-employee payroll	\$ 4,752,648	\$ 4,752,426	\$ 4,873,114
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	40.24 %	51.01 %	43.21 %
IPERS' net position as a percentage of the total pension liability	90.13 %	91.40 %	100.81 %

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

<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		
0.047633	%	0.046186	%	0.044222	%	0.047816	%	0.045610	%	0.045125	%	0.046192	%	
\$	66,777	\$	3,211,766	\$	2,577,969	\$	3,024,982	\$	3,011,064	\$	2,814,096	\$	2,298,369	
\$	3,865,954	\$	3,632,566	\$	3,388,099	\$	3,592,816	\$	3,371,553	\$	3,207,886	\$	3,207,886	
	1.73	%	88.42	%	76.09	%	84.20	%	89.31	%	87.72	%	71.65	%
	82.90	%	85.45	%	83.62	%	82.21	%	81.82	%	85.19	%	87.61	%

MIDLAND COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Statutorily required contribution	\$ 457,504	\$ 448,650	\$ 448,629
Contributions in relation to the statutorily required contribution	<u>(457,504)</u>	<u>(448,650)</u>	<u>(448,629)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered-employee payroll	\$ 4,846,441	\$ 4,752,648	\$ 4,752,426
Contributions as a percentage of covered-employee payroll	9.44% %	9.44 %	9.44 %

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 460,022	\$ 364,946	\$ 342,914	\$ 319,836	\$ 320,838	\$ 301,080	\$ 286,464
<u>(460,022)</u>	<u>(364,946)</u>	<u>(342,914)</u>	<u>(319,836)</u>	<u>(320,838)</u>	<u>(301,080)</u>	<u>(286,464)</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ 4,873,114	\$ 3,865,954	\$ 3,632,566	\$ 3,388,099	\$ 3,592,816	\$ 3,371,553	\$ 3,207,886
9.44 %	9.44 %	9.44 %	9.44 %	8.93 %	8.93 %	8.93 %

MIDLAND COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

YEAR ENDED JUNE 30, 2025

Changes of benefit terms:

There were no significant changes to benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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

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

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

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

MIDLAND COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
FOR THE LAST EIGHT YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 8,866	\$ 8,961	\$ 9,515	\$ 9,518	\$ 8,126	\$ 8,125	\$ 5,700	\$ 5,700
Interest cost	4,161	3,642	4,066	3,822	3,483	3,327	3,282	3,163
Changes in assumptions or other inputs	(1,818)	(20,626)	(3,981)	(42,281)	(2,062)	20,281	(2,567)	(2,223)
Benefit payments	-	-	(5,506)	(4,483)	(6,767)	(5,363)	(3,387)	(3,921)
Net change in total OPEB liability	11,199	(8,023)	4,094	(33,424)	2,780	26,370	3,028	2,719
Total OPEB liability, beginning of year	78,520	86,543	82,449	115,873	113,093	86,723	83,695	80,976
Total OPEB liability, end of year	\$ 89,719	\$ 78,520	\$ 86,543	\$ 82,449	115,873	\$ 113,093	\$ 86,723	\$ 83,695
Covered-employee payroll	\$ 3,495,000	\$ 3,495,000	\$ 3,495,000	\$ 3,495,000	\$ 3,411,338	\$ 3,708,309	\$ 3,516,720	\$ 672,042
Total OPEB liability as a percentage of covered - employee payroll	2.57%	2.25%	2.48%	2.36%	3.40%	3.05%	2.47%	12.45%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2025	5.00 %
Year ended June 30, 2024	4.75
Year ended June 30, 2023	5.00
Year ended June 30, 2022	4.55
Year ended June 30, 2021	2.16
Year ended June 30, 2020	2.21
Year ended June 30, 2019	3.50
Year ended June 30, 2018	3.87
Year ended June 30, 2017	3.58

MIDLAND COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

<u>ASSETS</u>	Student Activity	Management	Total Nonmajor Governmental Funds
Cash, cash equivalents and pooled investments	\$ 30,522	\$ 689,762	\$ 720,284
Receivables:			
Property tax:			
Succeeding year	-	199,999	199,999
TOTAL ASSETS	\$ 30,522	\$ 889,761	\$ 920,283
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ 2,210	\$ 21,360	\$ 23,570
TOTAL LIABILITIES	2,210	21,360	23,570
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable revenues:			
Succeeding year property tax	-	199,999	199,999
TOTAL DEFERRED INFLOWS OF RESOURCES	-	199,999	199,999
<u>FUND BALANCES:</u>			
Restricted for:			
Management levy purposes	-	668,402	668,402
Student activities	28,312	-	28,312
Total fund balances	28,312	668,402	696,714
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,522	\$ 889,761	\$ 920,283

MIDLAND COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Student Activity	Management	Total Nonmajor Governmental Funds
<u>REVENUES:</u>			
Local sources:			
Local tax	\$ -	\$ 11,865	\$ 11,865
Other	132,180	-	132,180
Total revenues	<u>132,180</u>	<u>11,865</u>	<u>144,045</u>
<u>EXPENDITURES:</u>			
Current:			
Instruction:			
Regular	135,194	39,214	174,408
Support services:			
Administration	-	63,891	63,891
Operation and maintenance of plant	-	237,459	237,459
Transportation	-	31,052	31,052
Total expenditures	<u>135,194</u>	<u>371,616</u>	<u>506,810</u>
Excess of revenues over expenditures	<u>(3,014)</u>	<u>(359,751)</u>	<u>(362,765)</u>
<u>FUND BALANCES</u> - Beginning of year	<u>31,326</u>	<u>1,028,153</u>	<u>1,059,479</u>
<u>FUND BALANCES</u> - End of year	<u>\$ 28,312</u>	<u>\$ 668,402</u>	<u>\$ 696,714</u>

MIDLAND COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS
JUNE 30, 2025

<u>ASSETS</u>	Statewide Sales, Service and Use Tax	Physical Plant and Equipment Levy	Construction	Total Capital Project Funds
Cash, cash equivalents and pooled investments	\$ 1,188,006	\$ 643,105	\$ 1,689,119	\$ 3,520,230
Receivables:				
Property tax:				
Delinquent	-	2,841	-	2,841
Succeeding year	-	279,934	-	279,934
Income surtax	-	32,522	-	32,522
Due from other governments	<u>67,911</u>	<u>176,998</u>	<u>-</u>	<u>244,909</u>
TOTAL ASSETS	\$ <u>1,255,917</u>	\$ <u>1,135,400</u>	\$ <u>1,689,119</u>	\$ <u>4,080,436</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ <u>3,213</u>	\$ <u>38,436</u>	\$ <u>746,031</u>	<u>787,680</u>
TOTAL LIABILITIES	\$ <u>3,213</u>	\$ <u>38,436</u>	\$ <u>746,031</u>	\$ <u>787,680</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Unavailable revenues:				
Income surtax	-	32,522	-	32,522
Succeeding year property tax	-	279,934	-	279,934
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>312,456</u>	<u>-</u>	<u>312,456</u>
<u>FUND BALANCES:</u>				
Restricted for:				
Physical plant and equipment	-	784,508	-	784,508
School infrastructure	1,252,704	-	943,088	2,195,792
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,252,704</u>	<u>784,508</u>	<u>943,088</u>	<u>2,980,300</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>1,255,917</u>	\$ <u>1,135,400</u>	\$ <u>1,689,119</u>	\$ <u>4,080,436</u>

MIDLAND COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS
YEAR ENDED JUNE 30, 2025

	Statewide Sales, Service and Use Tax	Physical Plant and Equipment Levy	Construction	Total Capital Project Funds
<u>REVENUES:</u>				
Local sources:				
Local tax	\$ 28,638	\$ 491,044	\$ 148,072	\$ 667,754
Intermediate sources	-	-	-	-
State sources	647,589	147	-	647,736
Total revenues	<u>676,227</u>	<u>491,191</u>	<u>148,072</u>	<u>1,315,490</u>
<u>EXPENDITURES:</u>				
Current:				
Instruction:				
Regular	6,438	150	-	6,588
Support services:				
Administration	77,062	29,425	-	106,487
Operation and maintenance	55,313	7,203	-	62,516
Transportation	-	150,437	-	150,437
Capital outlay	63,769	138,272	6,395,216	6,597,257
Total expenditures	<u>202,582</u>	<u>325,487</u>	<u>6,395,216</u>	<u>6,923,285</u>
Excess (deficiency) of revenues over (under) expenditures	<u>473,645</u>	<u>165,704</u>	<u>(6,247,144)</u>	<u>(5,607,795)</u>
Other financing sources (uses):				
Proceeds from bonds	-	-	9,200,000	9,200,000
Transfer out	(72,648)	-	(347,504)	(420,152)
Total other financing sources (uses)	<u>(72,648)</u>	<u>-</u>	<u>8,852,496</u>	<u>8,779,848</u>
Change in fund balances	<u>400,997</u>	<u>165,704</u>	<u>2,605,352</u>	<u>3,172,053</u>
<u>FUND BALANCES</u> - Beginning of year	<u>851,707</u>	<u>618,804</u>	<u>(1,662,264)</u>	<u>(191,753)</u>
<u>FUND BALANCES</u> - End of year	\$ <u>1,252,704</u>	\$ <u>784,508</u>	\$ <u>943,088</u>	\$ <u>2,980,300</u>

MIDLAND COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND -
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2025

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Intrafund Transfers</u>	<u>Balance End of Year</u>
Interest	\$ 128	\$ -	\$ -	\$ (128)	\$ -
Band revolving/fund balance	880	89	299	1	671
Big east conference	37	-	37	-	-
Athletics	300	4,154	4,559	105	-
Yearbook	1,826	-	1,826	-	-
Track	(3,682)	11,821	8,186	47	-
Basketball	(1,722)	6,491	4,769	-	-
Football	6,335	9,776	16,111	-	-
Baseball	(1,085)	6,503	4,922	(496)	-
Golf	(362)	1,432	1,070	-	-
Wrestling	(3,082)	9,352	6,270	-	-
Volleyball	2,392	7,580	9,972	-	-
Softball	(2,630)	5,399	3,219	450	-
Multiple ticket sales	(163)	73	73	163	-
NHS	956	1,046	420	(1)	1,581
Dance team	127	-	-	-	127
Cheerleaders	(170)	370	200	-	-
FFA	2,939	28,248	26,368	1	4,820
TAG	14	-	14	-	-
Foreign language	382	-	-	-	382
Middle school student council	835	-	-	-	835
Stand	212	83	-	-	295
Work experience fundraiser	1,088	-	1,088	-	-
Elementary book fair	9	-	9	-	-
Middle school elmo	1,273	-	1,273	-	-
Cross country club income	306	1,498	1,498	-	306
Volleyball camp	1,429	-	-	-	1,429
Football camp	(1,297)	3,113	1,816	-	-
Track club	1,448	-	1,448	-	-
Class of 2023	542	-	271	(271)	-
Class of 2024	(2,680)	2,680	-	-	-
Class of 2025	1,510	3,087	4,597	-	-
Class of 2026	-	482	400	-	82
Class of 2030 - smoke detector	50	-	-	-	50
Midland sports preformance	192	41	233	-	-
WRAP(s) graphics income	703	-	-	-	703
Archery club	3,529	5,167	6,067	-	2,629
Elementary staff beverages	4,297	-	-	(4,297)	-
Art club	983	-	-	-	983
Boys basketball camp	1,070	-	-	-	1,070
Interest	2,966	1,757	4,851	128	-
High school fundraiser	794	1,744	972	1	1,567
Elementary book fair	541	-	-	-	541
Elementary fundraiser	3,025	1,305	249	-	4,081
Elementary boxtops	88	308	396	-	-
Elementary/BELC donation	977	-	-	-	977
MS/BELC donation	60	-	-	-	60
Middle school fundraiser	19	-	-	-	19
Print cartridge fund	78	-	-	-	78
MS/HS staff beverages	2,584	795	4,658	4,297	3,018
Elementary therapy dog	(311)	311	-	-	-
Elementary Music	145	192	188	-	149
Bound platform	2,514	-	2,514	-	-
Superintendent TJ account	722	-	722	-	-
General activity	(1,795)	2,519	724	-	-
Speech	-	-	-	-	-
Girls basketball	-	7,540	7,540	-	-
Girls wrestling	-	3,774	3,774	-	-
Student council	-	750	750	-	-
FBLA	-	1,220	574	-	646
Girls Basketball camp	-	1,480	267	-	1,213
	\$ 31,326	\$ 132,180	\$ 135,194	\$ -	\$ 28,312

See Accompanying Independent Auditor's Report

MIDLAND COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues:				
Local sources:				
Local tax	\$ 5,795,039	\$ 4,527,323	\$ 4,369,409	\$ 4,439,080
Tuition	493,806	559,046	550,400	595,688
Other	494,720	621,887	510,528	296,992
Intermediate sources	-	80,168	151,927	-
State sources	4,539,075	4,898,725	4,433,489	4,337,948
Federal sources	<u>332,671</u>	<u>417,063</u>	<u>599,686</u>	<u>804,368</u>
Total revenues	\$ <u>11,655,311</u>	\$ <u>11,104,212</u>	\$ <u>10,615,439</u>	\$ <u>10,474,076</u>
Expenditures:				
Current:				
Instruction:				
Regular	\$ 3,383,691	\$ 3,275,300	\$ 3,539,202	\$ 5,106,072
Special	1,206,163	1,254,695	1,389,013	785,717
Other	773,061	748,088	774,940	334,253
Support services:				
Student	562,976	550,520	317,261	290,060
Instructional staff	189,429	207,084	142,456	142,968
Administration	957,219	1,012,007	1,053,250	80,382
Operation and maintenance of plant	899,446	1,058,875	960,152	756,925
Transportation	756,019	611,282	751,560	673,690
Non-instructional programs	-	-	-	-
Other expenditures:				
Capital outlay	6,597,257	2,543,343	395,657	395,657
Long-term debt:				
Principal	3,254,028	665,051	1,023,313	9,639,804
Interest and other charges	586,080	266,860	288,439	407,242
AEA flow through	<u>205,071</u>	<u>233,851</u>	<u>242,324</u>	<u>233,327</u>
Total expenditures	\$ <u>19,370,440</u>	\$ <u>12,426,956</u>	\$ <u>10,877,567</u>	\$ <u>18,846,097</u>

SCHEDULE 6

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$	4,272,581	\$ 4,142,111	\$ 3,929,831	\$ 3,661,361	\$ 3,569,989	\$ 3,877,500
	456,798	403,443	339,108	350,210	324,496	222,814
	438,349	212,540	248,735	268,549	378,719	220,847
	-	137,640	-	-	-	-
	4,251,957	4,092,756	3,866,385	3,771,859	3,637,505	3,366,002
	<u>700,081</u>	<u>366,103</u>	<u>266,975</u>	<u>321,770</u>	<u>174,246</u>	<u>281,712</u>
\$	<u>10,119,766</u>	\$ <u>9,354,593</u>	\$ <u>8,651,034</u>	\$ <u>8,373,749</u>	\$ <u>8,084,955</u>	\$ <u>7,968,875</u>
\$	3,189,560	\$ 2,950,868	\$ 2,636,451	\$ 2,724,816	\$ 2,799,571	\$ 2,452,713
	1,040,084	1,050,737	1,154,896	1,027,115	968,417	894,031
	821,677	912,440	884,098	896,069	716,797	715,948
	266,201	100,105	216,058	246,888	136,285	178,816
	125,138	119,892	135,683	142,176	166,859	161,723
	713,863	716,231	694,634	687,228	820,794	763,053
	553,294	525,172	546,053	529,180	489,947	381,000
	544,937	474,408	532,171	439,591	733,512	549,009
	-	-	-	9,554	19,397	-
	224,830	202,414	601,198	3,018,692	7,120,420	2,973,911
	1,076,571	581,571	528,881	510,000	559,553	685,000
	372,606	441,181	460,596	473,252	425,068	655,165
	<u>233,336</u>	<u>233,905</u>	<u>227,730</u>	<u>229,163</u>	<u>219,779</u>	<u>223,599</u>
\$	<u>9,162,097</u>	\$ <u>8,308,924</u>	\$ <u>8,618,449</u>	\$ <u>10,933,724</u>	\$ <u>15,176,399</u>	\$ <u>10,633,968</u>



ANDERSON, LARKIN & CO. P.C.
Certified Public Accountants
"Your Success Is Our Business."

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Midland Community School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Midland Community School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Midland Community School District's basic financial statements and have issued our report thereon dated March 31, 2026.

Report on Internal Control over Financial Reporting

I In planning and performing our audit of the financial statements, we considered Midland 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 Midland Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Midland Community School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in Part II of the accompanying Schedule of Findings as item II-A-25 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Midland Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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 III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2025, 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.

Midland Community School District's Response to Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Midland 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.

ANDERSON, LARKIN & CO., P.C.

Anderson, Larkin & Co. P.C.

Ottumwa, Iowa
March 31, 2026

MIDLAND COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2025

PART I: SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS:

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with accounting principles generally accepted in the United States of America.
- (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 noncompliance which is material to the financial statements.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

INTERNAL CONTROL DEFICIENCY:

II-A-25 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 that the same individual performed the following duties: recording and processing of cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information.

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

Effect - Inadequate segregation of duties could adversely affect the District's ability to prevent or detect and correct misstatements, errors, or misappropriations 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 the operating procedures of the District to obtain maximum internal control possible under the circumstances.

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

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

MIDLAND COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2025

PART III: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

- III-A-25 Certified Budget – Expenditures for the year ended June 30, 2025 exceeded the certified budget amount in the support services, non-instructional programs and other expenditure functional areas.

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

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

Conclusion – Response accepted.

- III-B-25 Questionable Expenditures – No expenditures we believe may not meet the requirements for public purpose as defined in Article IV, Section 31 of the Iowa Constitution and an Attorney General's opinion dated April 25, 1979 were noted.

- III-C-25 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.

- III-D-25 Business Transactions – No business transactions between the District and District officials or employees were noted.

- III-E-25 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.

- III-F-25 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

- III-G-25 Board Minutes – We noted no transactions requiring Board approval which have not been approved by the Board.

- III-H-25 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

- III-I-25 Supplementary Weighting – We noted a variance in the supplementary weighting data certified to the Iowa Department of Education for October, 2024. The supplementary weighting data was overstated by 0.092.

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

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

Conclusion – Response accepted.

MIDLAND COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2025

PART III: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING: (Continued)

- III-J-25 Deposits and Investments – 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.
- III-K-25 Certified Annual Report – The certified annual report was certified timely to the Iowa Department of Education.
- III-L-25 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.
- III-M-25 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services, and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2025, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	851,707
Revenues/transfers in:			
Local sources	28,638		
Intermediate sources	-		
Sales tax revenues	647,589		
	<u>676,227</u>		1,527,934
Expenditures:			
Capital outlay	63,769		
Instruction	6,438		
Support services	132,375		
Transfers to other funds:			
Debt service	<u>72,648</u>		<u>275,230</u>
Ending balance		\$	<u>1,252,704</u>

For the year ended June 30, 2025, the District did not reduce any levies as a result of the money received under Chapter 423E or 423F of the Code of Iowa.

- III-N-25 Deficit Balance – The Enterprise Fund-Preschool Fund had deficit balances as of June 30, 2025.

Recommendation – The District should monitor the funds and investigate alternatives to eliminate the deficits.

Response – We are monitoring these situations. We are currently analyzing alternatives to reverse the deficit balances.

Conclusion – Response accepted.