

**North Mahaska Community School District
New Sharon, Iowa**

Basic Financial Statements

June 30, 2025

**North Mahaska Community School District
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**North Mahaska Community School District
Board of Education and Administration
June 30, 2025**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Michelle Sampson	President	2027
Kraig Koehler	Vice President	2025
Polly Ehret	Board Member	2027
Brett Morris	Board Member	2027
Todd Vander Wilt	Board Member	2025
<u>School Officials</u>		
Tim Veiseth	Superintendent	2026
Lynette Van Donselaar	District Secretary/Treasurer	2026
Danielle Haindfield	Attorney	Indefinite

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Independent Auditor's Report

To the School Board
North Mahaska Community School District
New Sharon, Iowa

Report on Audit of the Basic Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Mahaska Community School District, New Sharon, Iowa, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to in the first paragraph 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 North Mahaska Community School District, New Sharon, Iowa, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 the Financial Statements section of our report. We are required to be independent of North Mahaska Community School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The management of North Mahaska Community School District is responsible for the preparation and fair presentation of the 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgment 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 judgment, there are conditions or events, considered in the aggregate which raise substantial doubt about the 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 that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary Information as listed in the Table of Contents 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information identified in the Table of Contents 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 auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 the District's internal control over financial reporting and compliance.

BerganKDV, Ltd.

St. Cloud, Minnesota
February 10, 2026

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North Mahaska Community School District Management's Discussion and Analysis

North Mahaska 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 this narrative overview and analysis.

Financial Highlights

- The assets and deferred outflows of resources of North Mahaska Community School District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$12,722,318.
- General Fund revenues increased from \$7,915,860 in fiscal 2024 to \$8,416,163 in fiscal 2025, while General Fund expenditures increased from \$7,847,183 in fiscal 2024 to \$8,826,680 in fiscal 2025. The District's General Fund balance decreased from \$3,060,207 in fiscal 2024 to \$2,630,274 in fiscal 2025. General Fund revenues increased due to increased property tax levy. General Fund expenditures increased due to the increase in wages and salaries and increased staffing.

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 North Mahaska Community School District as a whole and present an overall view of the District's finances.

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

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

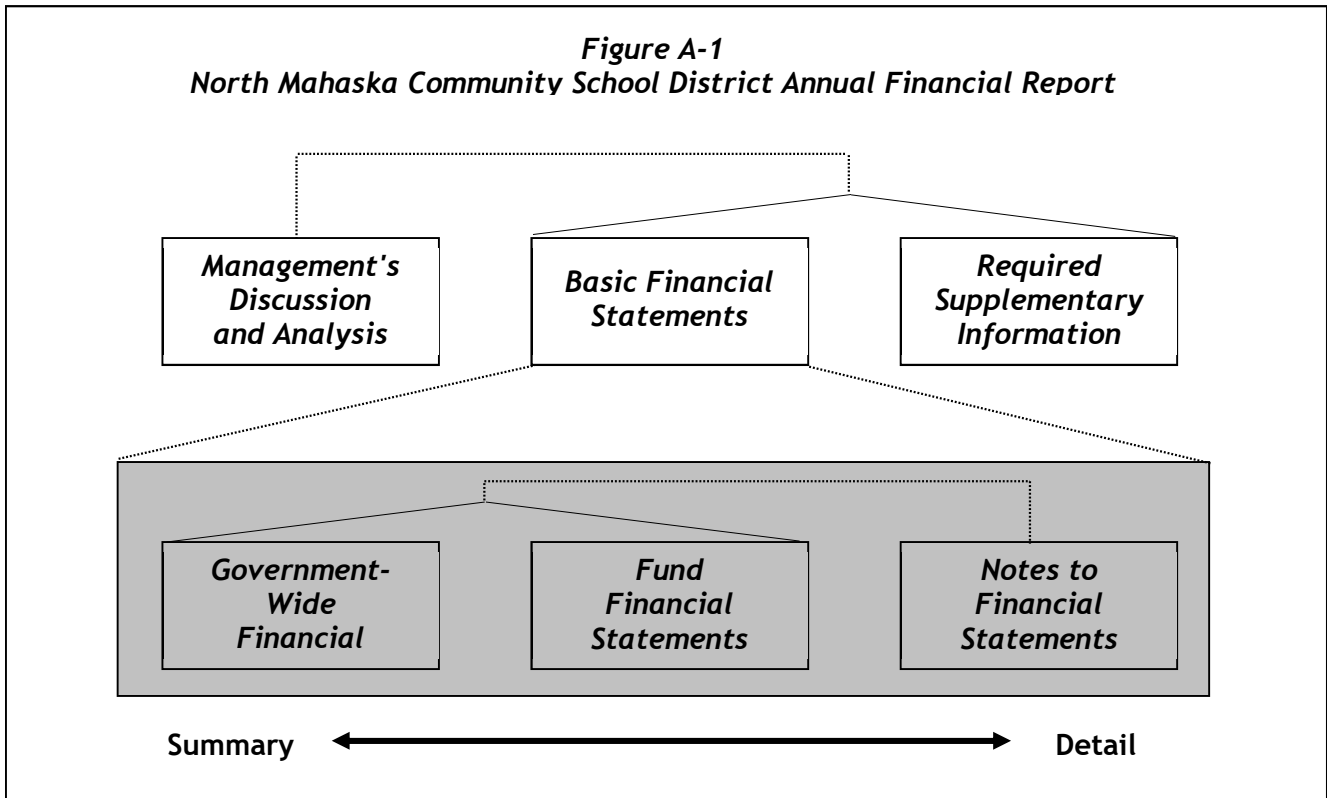
Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the schedule of changes in total OPEB liability for the retiree health plan.

Supplementary information provides detailed information about the nonmajor governmental funds.

North Mahaska Community School District
Management's Discussion and Analysis

USING THIS ANNUAL REPORT (CONTINUED)

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



**North Mahaska Community School District
Management's Discussion and Analysis**

USING THIS ANNUAL REPORT (CONTINUED)

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

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

North Mahaska Community School District Management's Discussion and Analysis

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 revenue 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 nonfinancial 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, NM Custom Creations and the Warhawk Cafe 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 it is properly using certain revenue 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 (a) how cash and other financial assets that can readily be converted to cash flow in and out and (b) 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.

**North Mahaska Community School District
Management's Discussion and Analysis**

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES (CONTINUED)

Fund Financial Statements (Continued)

1. *Governmental Funds (Continued)*: The required financial statements for governmental funds include a balance sheet and a statement of revenue, 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 provides more detail and additional information, such as cash flows. The District's major enterprise fund is the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net position, a statement of revenue, expenses and changes in fund net position and a statement of cash flows.

3. *Fiduciary Funds*: The District is the trustee, or fiduciary, for assets that belong to others. This fund includes the Custodial Fund and the Private Purpose Trust Fund.

The Custodial Fund is used to account for assets held by the District as a custodian for individuals and committees within the District for various designated purposes.

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.

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

The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement of changes in fiduciary net position.

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

**North Mahaska Community School District
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position as of June 30, 2025, compared to June 30, 2024.

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total District		Percent Change
	June 30,		June 30,		June 30,		
	2025	2024	2025	2024	2025	2024	
Current and other assets	\$11,695,100	\$12,428,668	\$ 129,669	\$ 230,112	\$11,824,769	\$12,658,780	-6.59%
Capital assets	19,260,284	18,896,797	52,667	53,147	19,312,951	18,949,944	1.92%
Total assets	30,955,384	31,325,465	182,336	283,259	31,137,720	31,608,724	-1.49%
Deferred outflows of resources	703,971	908,756	-	-	703,971	908,756	-22.53%
Total assets and deferred outflows of resources	\$31,659,355	\$32,234,221	\$ 182,336	\$ 283,259	\$31,841,691	\$32,517,480	-2.08%
Current liabilities	\$ 1,876,420	\$ 1,749,050	\$ 13,546	\$ 20,871	\$ 1,889,966	\$ 1,769,921	6.78%
Long-term liabilities	12,930,081	14,380,488	-	12	12,930,081	14,380,500	-10.09%
Total liabilities	14,806,501	16,129,538	13,546	20,883	14,820,047	16,150,421	-8.24%
Deferred inflows of resources	4,299,326	4,174,746	-	-	4,299,326	4,174,746	2.98%
Net position							
Net investment in capital assets	7,232,697	6,001,996	52,667	53,147	7,285,364	6,055,143	20.32%
Restricted	3,915,711	4,226,130	-	-	3,915,711	4,226,130	-7.35%
Unrestricted	1,405,120	1,701,811	116,123	209,229	1,521,243	1,911,040	-20.40%
Total net position	12,553,528	11,929,937	168,790	262,376	12,722,318	12,192,313	4.35%
Total liabilities, deferred inflows of resources, and net position	\$31,659,355	\$32,234,221	\$ 182,336	\$ 283,259	\$31,841,691	\$32,517,480	-2.08%

The District's total net position increased 4.4%, or \$530,005, from the prior year. The primary reason for the increase was increased capital asset spending.

The largest portion of the District's net position is invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets, this amount increased due to current year additions and debt payments outpacing depreciation and new debt issued.

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 \$310,419, or 7.4%, over the prior year due to increased spending on capital projects.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$389,797, or 20.4%. The decrease in unrestricted net position was primarily a result of a general fund operations.

**North Mahaska Community School District
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Figure A-4 shows changes in net position for the year ended June 30, 2025, compared to year ended June 30, 2024.

**Figure A-4
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total District		Percent Change
	2025	2024	2025	2024	2025	2024	
Revenues							
Program revenues							
Charges for services	\$ 1,855,954	\$ 1,644,484	\$ 155,572	\$ 124,393	\$ 2,011,526	\$ 1,768,877	13.72%
Operating grants and contributions and restricted interest	1,665,981	1,512,692	138,773	220,186	1,804,754	1,732,878	4.15%
Capital grants and contributions and restricted interest	-	-	4,927	-	4,927	-	N/A
General revenues							
Property tax	4,188,133	3,979,893	-	-	4,188,133	3,979,893	5.23%
Statewide sales, services and use tax	623,649	643,531	-	-	623,649	643,531	-3.09%
Unrestricted state grants	2,215,782	2,365,658	-	-	2,215,782	2,365,658	-6.34%
Unrestricted investment earnings	222,911	422,610	2,141	3,445	225,052	426,055	-47.18%
Total revenues	10,772,410	10,568,868	301,413	348,024	11,073,823	10,916,892	1.44%
Program Expenses							
Instruction	6,223,757	5,340,589	-	-	6,223,757	5,340,589	16.54%
Support services	2,864,368	2,998,570	-	-	2,864,368	2,998,570	-4.48%
Noninstructional programs	-	-	394,999	323,799	394,999	323,799	21.99%
Other	1,125,694	1,197,144	-	-	1,125,694	1,197,144	-5.97%
Total expenses	10,213,819	9,536,303	394,999	323,799	10,608,818	9,860,102	7.59%
Change in net position	558,591	1,032,565	(93,586)	24,225	465,005	1,056,790	56.00%
Beginning of year net position	11,929,937	10,897,372	262,376	238,151	12,192,313	11,135,523	9.49%
Error correction (See note 14)	65,000	-	-	-	65,000	-	N/A
Beginning of year net position, restated	11,994,937	10,897,372	262,376	238,151	12,257,313	11,135,523	10.07%
End of year net position	\$12,553,528	\$11,929,937	\$ 168,790	\$ 262,376	\$12,722,318	\$12,192,313	4.35%

In fiscal year 2025, property tax, statewide sales, services and use tax and unrestricted state and federal grants accounted for 65.2% of governmental activities revenue while charges for service and operating grants, capital contributions and unrestricted interest accounted for 100% of business-type activities revenue. The District's total revenue was approximately \$11.1 million, of which approximately \$10.8 million was for governmental activities and \$0.3 million was for business-type activities.

As shown in Figure A-4, the District as a whole experienced a 1.4% increase in revenue and a 7.6% increase in expenses. The increase in expenses is primarily due to increased salary and benefit expenses.

Governmental Activities

Revenue for governmental activities was \$10,213,819 and expenses were \$11,994,937, which amounted to an increase in net position of \$558,591 for the year ended June 30, 2025.

**North Mahaska Community School District
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities (Continued)

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

**Figure A-5
Total and Net Cost of Governmental Activities**

	Net Cost of Governmental Activities					
	Total Cost of Service			Net Cost of Service		
	2025	2024	Percentage Change	2025	2024	Percentage Change
Instruction	\$ 6,223,757	\$ 5,340,589	16.54%	\$ 3,002,323	\$ 2,470,487	21.53%
Support services	2,864,368	2,998,570	-4.48%	2,765,057	2,953,292	-6.37%
Other	1,125,694	1,197,144	-5.97%	924,504	955,348	-3.23%
Total	\$10,213,819	\$ 9,536,303	7.10%	\$ 6,691,884	\$ 6,379,127	4.90%

For the year ended June 30, 2025:

- The cost financed by users of the District's programs was \$1,855,954.
- Federal and state governments and private entities subsidized certain programs with grants and contributions totaling \$1,665,981.
- The net cost of governmental activities was financed with \$4,811,782 in property and other taxes, \$2,215,782 in unrestricted state grants and \$222,911 in unrestricted investment earnings.

Business-Type Activities

Revenue for business-type activities during the year ended June 30, 2025, was \$301,413, representing a 13.4% decrease over the prior year due to receiving less federal operating grants, while expenses totaled \$394,999, a 22.0% increase over the prior year due to increase food service management costs. The District's business-type activities include the School Nutrition Fund, NM Custom Creations Fund, and Warhawk Café Fund. Revenue of these activities was comprised of charges for service, federal and state reimbursements and grants and investment earnings.

- Charges for service represent 51.6% of total revenue for fiscal years 2025. This represents the amount paid by students/staff for daily food service and amounts generated by café sales.
- Federal and state operating and capital grants, included reimbursement for meals, payments for free and reduced lunches, commodities provided to the District and other miscellaneous grants, totaled \$143,700, or 47.7%, of total revenue.

North Mahaska Community School District Management's Discussion and Analysis

INDIVIDUAL FUND ANALYSIS

As previously noted, North Mahaska Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$6,016,220, a decrease of \$898,937 from last year's ending restated fund balances of \$6,915,157. The primary reason for the decrease in combined fund balances at the end of fiscal year 2025 was due to increased capital expenditures. Revenue increased from the prior year; \$525,729, or 0.5% due to increased property tax revenues. Expenditures increased 2.1% due to increased salaries and benefits.

Governmental Fund Highlights

The General Fund is the chief operating fund of the District. At the end of fiscal year 2024, unassigned fund balance of the General Fund was \$2,059,049 while total fund balance decreased from \$3,060,207 at the end of fiscal year 2024 to \$2,630,274 the end of fiscal year 2025.

The General Fund balance decreased by \$429,933 during the current fiscal year. The primary reasons for this decrease were fund operations.

The Debt Service Fund balance increased from \$94,586 at the end of fiscal year 2024 to \$574,328 at the end of fiscal year 2025. Current year expenditures included principal and interest payments.

The Capital Projects Fund balance decreased from \$2,835,241 as of June 30, 2024, to \$2,041,615 as of June 30, 2025. Revenues stayed consistent due to consistent Statewide sales services and use tax revenues. Expenditures increased due to increased capital project expenditures.

Proprietary Fund Highlights

School Nutrition Fund net position was \$164,429 as of June 30, 2025. Revenue decreased due to a decrease in the number of meals served. Expenses increased due to an increase in food service management costs.

BUDGETARY HIGHLIGHTS

In accordance with state law, the school board annually adopts a budget following the public notice and hearing requirements. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The District adopts a budget in April for the following year and at the same time considers a budget amendment for expenditures for the current year. The District did amend its original budget for fiscal year 2025.

A schedule showing the original and final budget amounts compared to the District's actual financial activity is provided in this report as required supplementary information.

The District's total revenue was \$869,650 more than total budgeted revenue, a variance of 8.4%, primarily due to receiving more local sources aid than anticipated.

Total expenditures were \$1,388,356 less than total budgeted expenditures, a variance of 10.2%, primarily due to conservative budgeting.

**North Mahaska Community School District
Management's Discussion and Analysis**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the District had invested \$19,312,951, net of accumulated depreciation, in a broad range of capital assets, including land, buildings and improvements, land improvements, equipment, furniture and construction in progress (See Figure A-6). This represents a net increase of 1.9% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense was \$674,087 for Governmental Activities and \$5,474 for Business-Type Activities.

The original cost of the District's capital assets was approximately \$27.8 million. Governmental funds account for approximately \$27.6 million with the remainder of approximately \$0.2 million accounted for in the Proprietary Funds.

**Figure A-6
Capital Assets, Net of Depreciation**

	Governmental Activities		Business-Type Activities		Total District		Percentage Change
	June 30,		June 30,		June 30,		
	2025	2024	2025	2024	2025	2024	
Land	\$ 95,250	\$ 95,250	\$ -	\$ -	\$ 95,250	\$ 95,250	0.00%
Construction in progress	435,891	897,541	-	-	435,891	897,541	-51.43%
Buildings and improvements	16,863,667	16,203,628	-	-	16,863,667	16,203,628	4.07%
Improvements other than buildings	1,274,714	1,185,668	-	-	1,274,714	1,185,668	7.51%
Furniture and equipment	562,604	468,768	52,667	53,147	615,271	521,915	17.89%
Right to use assets	28,158	45,942	-	-	28,158	45,942	-38.71%
Total	\$ 19,260,284	\$ 18,896,797	\$ 52,667	\$ 53,147	\$ 19,312,951	\$ 18,949,944	1.92%

Long-Term Debt

As of June 30, 2025, the District had \$13,832,749 of total long-term debt outstanding. This represents a decrease of 9.4% from last year (See Figure A-7). Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The Constitution of the State of Iowa limits the amount of debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding debt is significantly below its constitutional debt limit of approximately \$29.5 million.

**North Mahaska Community School District
Management's Discussion and Analysis**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt (Continued)

**Figure A-7
Outstanding Long-Term Debt**

	Total District		Percent Change
	June 30,		
	2025	2024	
General obligation	\$ 10,215,000	\$ 10,760,000	-5.1%
Revenue bonds	1,520,000	1,800,000	-15.6%
Leases payable	29,864	53,662	-44.3%
Early retirement	-	39,615	-100.0%
Net pension liability	1,708,311	2,201,039	-22.4%
Total other postemployment benefits	96,851	133,447	-27.4%
Unamortized bond premium	262,723	281,139	-6.6%
Total	\$ 13,832,749	\$ 15,268,902	-9.4%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

The district remains in good financial condition. One economic factor bearing on the district is the resident student count continues to decrease. However, the increase in open enrolled students has helped, but in future forecasting, the district cannot rely on these students to continue to stay at North Mahaska. Student count drives the budget. The one cent local option sales tax (SAVE) will continue to be a big help for many projects and will help retire debt. The SAVE funds have been allocated to pay for the revenue bonds and necessary building and grounds improvements, such as maintenance of the athletic track. The SAVE revenues can help with authorized purchases but are very limited in the type of expenditures allowed. The swings in enrollment will keep the district in a tight budgeting environment.

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 Lynette Van Donselaar, Business Manager, or Timothy Veiseth, Superintendent, North Mahaska Community School, P.O. Box 89, New Sharon, Iowa 50207.

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BASIC FINANCIAL STATEMENTS

North Mahaska Community School District
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 6,258,252	\$ 124,742	\$ 6,382,994
Receivables			
Property tax - delinquent	22,981	-	22,981
Property tax - succeeding year	4,201,991	-	4,201,991
Accounts receivable	7,382	4,927	12,309
Due from other governmental units	829,128	-	829,128
Other receivables	66,974	-	66,974
Prepaid items	308,392	-	308,392
Capital assets, net of accumulated depreciation/amortization	18,729,143	52,667	18,781,810
Capital assets not being depreciated	531,141	-	531,141
Total assets	<u>30,955,384</u>	<u>182,336</u>	<u>31,137,720</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	703,971	-	703,971
Total assets and deferred outflows of resources	<u>\$ 31,659,355</u>	<u>\$ 182,336</u>	<u>\$ 31,841,691</u>
Liabilities			
Accounts and contracts payable	\$ 49,295	\$ -	\$ 49,295
Salaries and benefits payable	772,512	-	772,512
Interest payable	41,460	-	41,460
Due to other governmental units	110,485	-	110,485
Unearned revenue	-	13,546	13,546
Bonds payable			
Due within one year	850,000	-	850,000
Due in more than one year	11,147,723	-	11,147,723
Lease payable			
Due within one year	18,668	-	18,668
Due in more than one year	11,196	-	11,196
Total OPEB liability			
Due within one year	34,000	-	34,000
Due in more than one year	62,851	-	62,851
Net pension liability - due in more than one year	1,708,311	-	1,708,311
Total liabilities	<u>14,806,501</u>	<u>13,546</u>	<u>14,820,047</u>
Deferred Inflows of Resources			
Property tax levied for succeeding year	4,201,991	-	4,201,991
Deferred inflows related to pensions	97,335	-	97,335
Total deferred inflows of resources	<u>4,299,326</u>	<u>-</u>	<u>4,299,326</u>
Net Position			
Net investment in capital assets	7,232,697	52,667	7,285,364
Restricted for			
Categorical funding	571,225	-	571,225
Debt service	532,868	-	532,868
School infrastructure	1,957,747	-	1,957,747
Physical plant and equipment	83,868	-	83,868
Student activities	146,577	-	146,577
Management levy purposes	623,426	-	623,426
Unrestricted	1,405,120	116,123	1,521,243
Total net position	<u>12,553,528</u>	<u>168,790</u>	<u>12,722,318</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 31,659,355</u>	<u>\$ 182,336</u>	<u>\$ 31,841,691</u>

North Mahaska Community School District
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Program Revenues			Net (Expenses), Revenue, and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Instruction	\$ 6,223,757	\$ 1,855,954	\$ 1,365,480	\$ -	\$ (3,002,323)	\$ -	\$ (3,002,323)
Support Services							
Student	158,605	-	-	-	(158,605)	-	(158,605)
Instructional staff	275,351	-	31,045	-	(244,306)	-	(244,306)
Administration	905,056	-	-	-	(905,056)	-	(905,056)
Operation and maintenance of plant	934,741	-	51,814	-	(882,927)	-	(882,927)
Transportation	590,615	-	16,452	-	(574,163)	-	(574,163)
Facilities acquisition	67,270	-	-	-	(67,270)	-	(67,270)
AEA flow through	201,190	-	201,190	-	-	-	-
Interest and fiscal charges	315,709	-	-	-	(315,709)	-	(315,709)
Unallocated depreciation	541,525	-	-	-	(541,525)	-	(541,525)
Total governmental activities	<u>10,213,819</u>	<u>1,855,954</u>	<u>1,665,981</u>	<u>-</u>	<u>(6,691,884)</u>	<u>-</u>	<u>(6,691,884)</u>
Business-type activities							
Noninstructional programs							
Food service operations	382,129	138,298	138,773	4,927	-	(100,131)	(100,131)
Custom creations	10,786	14,318	-	-	-	3,532	3,532
Warhawk café	2,084	2,956	-	-	-	872	872
Total business-type activities	<u>394,999</u>	<u>155,572</u>	<u>138,773</u>	<u>4,927</u>	<u>-</u>	<u>(95,727)</u>	<u>(95,727)</u>
Total	<u>\$ 10,608,818</u>	<u>\$ 2,011,526</u>	<u>\$ 1,804,754</u>	<u>\$ 4,927</u>	<u>(6,691,884)</u>	<u>(95,727)</u>	<u>(6,787,611)</u>
General revenues							
Taxes							
Property taxes, levied for general purposes					2,731,375	-	2,731,375
Property taxes, levied for debt service					995,329	-	995,329
Property taxes, levied for management levy					268,415	-	268,415
Property taxes, levied for capital outlay					121,873	-	121,873
Local surtax					71,141	-	71,141
Unrestricted statewide sales, services, and use tax					623,649	-	623,649
Unrestricted state grants					2,215,782	-	2,215,782
Unrestricted investment earnings					222,911	2,141	225,052
Total general revenues					<u>7,250,475</u>	<u>2,141</u>	<u>7,252,616</u>
Change in net position					558,591	(93,586)	465,005
Net position - beginning					11,929,937	262,376	12,192,313
Error correction (See Note 14)					65,000	-	65,000
Net position - beginning, as restated					<u>11,994,937</u>	<u>262,376</u>	<u>12,257,313</u>
Net position - ending					<u>\$ 12,553,528</u>	<u>\$ 168,790</u>	<u>\$ 12,722,318</u>

See notes to basic financial statements.

North Mahaska Community School District
Balance Sheet - Governmental Funds
June 30, 2025

	General (10)	Debt Service (40)	Capital Projects	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and Investments					
Cash and investments	\$ 2,753,558	\$ 260,932	\$ 1,991,912	\$ 774,227	\$ 5,780,629
Receivables					
Property tax - delinquent	15,791	5,004	613	1,573	22,981
Property tax - succeeding year	2,626,359	1,036,814	126,819	411,999	4,201,991
Accounts receivable	2,324	-	3,942	1,116	7,382
Due from other governmental units	763,728	-	65,400	-	829,128
Other receivables	66,974	-	-	-	66,974
Prepaid items	-	308,392	-	-	308,392
Total assets	\$ 6,228,734	\$ 1,611,142	\$ 2,188,686	\$ 1,188,915	\$ 11,217,477
Liabilities					
Accounts and contracts payable	\$ 22,130	\$ -	\$ 20,252	\$ 6,913	\$ 49,295
Salaries and benefits payable	772,512	-	-	-	772,512
Due to other governmental units	110,485	-	-	-	110,485
Total liabilities	905,127	-	20,252	6,913	932,292
Deferred inflows of resources					
Property tax levied for succeeding year	2,626,359	1,036,814	126,819	411,999	4,201,991
Unavailable revenue - other	66,974	-	-	-	66,974
Total deferred inflows of resources	2,693,333	1,036,814	126,819	411,999	4,268,965
Fund Balances					
Nonspendable for					
Prepaid items	-	308,392	-	-	308,392
Restricted for					
Categorical funding	571,225	-	-	-	571,225
Debt service	-	265,936	-	-	265,936
School infrastructure	-	-	1,957,747	-	1,957,747
Physical plant and equipment	-	-	83,868	-	83,868
Management levy purposes	-	-	-	623,426	623,426
Student activities	-	-	-	146,577	146,577
Unassigned	2,059,049	-	-	-	2,059,049
Total fund balances	2,630,274	574,328	2,041,615	770,003	6,016,220
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,228,734	\$ 1,611,142	\$ 2,188,686	\$ 1,188,915	\$ 11,217,477

**North Mahaska Community School District
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2025**

Total fund balances - governmental funds \$ 6,016,220

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds:

Cost of capital assets	27,595,678
Less accumulated depreciation/amortization	(8,335,394)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds payable	(11,735,000)
Bonds premiums	(262,723)
Lease payable	(29,864)
Total OPEB liability	(96,851)
Net pension liability	(1,708,311)

Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.
governmental funds:

Deferred outflows related to pensions	703,971
Deferred inflows related to pensions	(97,335)

Other long-term assets will be collected in subsequent years, and do not meet the revenue recognition requirements in the governmental funds.

66,974

An internal service fund is used by management to charge the costs of the District's self insurance services to various entities and individuals. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position and interfund activity is removed.

477,623

Governmental funds do not report a liability for accrued interest on bonds until due and payable.

(41,460)

Total net position - governmental activities

\$ 12,553,528

**North Mahaska Community School District
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Fund
Year Ended June 30, 2025**

	General (10)	Debt Service (40)	Capital Projects	Nonmajor Funds	Total Governmental Funds
Revenues					
Revenue from local sources					
Local property taxes	\$ 2,779,240	\$ 989,678	\$ 121,181	\$ 266,639	\$ 4,156,738
Tuition	1,491,747	-	-	-	1,491,747
Other local and county revenues	272,843	23,460	70,339	380,754	747,396
Revenue from state sources	3,510,671	5,651	624,341	1,776	4,142,439
Revenue from federal sources	361,662	-	-	-	361,662
Total revenues	<u>8,416,163</u>	<u>1,018,789</u>	<u>815,861</u>	<u>649,169</u>	<u>10,899,982</u>
Expenditures					
Current					
Instruction					
Regular	3,926,858	-	-	-	3,926,858
Special	1,127,180	-	-	-	1,127,180
Other	893,040	-	-	460,299	1,353,339
Support services					
Student	184,319	-	-	-	184,319
Instructional staff	151,427	-	86,327	-	237,754
Administration	269,453	-	2,200	19,757	291,410
School administration	403,728	-	-	-	403,728
Business and central administration	211,736	-	30,392	-	242,128
Operation and maintenance of plant	678,897	-	-	231,185	910,082
Transportation	543,049	-	-	27,048	570,097
Other expenditures					
AEA flow through	201,190	-	-	-	201,190
Facilities acquisition	-	-	919,304	-	919,304
Capital outlay	235,803	-	7,700	-	243,503
Debt service					
Principal	-	848,799	-	-	848,799
Interest and fiscal charges	-	338,228	-	1,000	339,228
Total expenditures	<u>8,826,680</u>	<u>1,187,027</u>	<u>1,045,923</u>	<u>739,289</u>	<u>11,798,919</u>
Excess of revenues over (under) expenditures	(410,517)	(168,238)	(230,062)	(90,120)	(898,937)
Other Financing Sources (Uses)					
Transfers in	-	647,980	-	-	647,980
Transfers out	(19,416)	-	(628,564)	-	(647,980)
Total other financing sources (uses)	<u>(19,416)</u>	<u>647,980</u>	<u>(628,564)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(429,933)	479,742	(858,626)	(90,120)	(898,937)
Fund Balances					
Beginning of year	3,060,207	94,586	2,835,241	860,123	6,850,157
Error correction (See Note 14)	-	-	65,000	-	65,000
Beginning of year, restated	<u>3,060,207</u>	<u>94,586</u>	<u>2,900,241</u>	<u>860,123</u>	<u>6,915,157</u>
End of year	<u>\$ 2,630,274</u>	<u>\$ 574,328</u>	<u>\$ 2,041,615</u>	<u>\$ 770,003</u>	<u>\$ 6,016,220</u>

**North Mahaska Community School District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances to the
Statement of Activities - Governmental Funds
Year Ended June 30, 2025**

Net change in fund balances - total governmental funds	\$ (898,937)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the useful lives as depreciation expense:	
Capital outlays	1,037,574
Depreciation/amortization expense	(674,087)
Early retirement expenditures are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	
	39,615
OPEB are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	
	36,596
Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net position in the Statement of Activities.	
	848,799
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
	298,253
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	
	5,103
Governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
	18,416
An internal service fund is used by management to charge the costs of the District's self insurance services to various entities and individuals. The change in net position is reported within the governmental activities in the Statement of Activities.	
	(25,169)
Long-term assets will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are not recognized as revenues in the funds.	
	<u>(127,572)</u>
Change in net position - governmental activities	<u>\$ 558,591</u>

North Mahaska Community School District
Statement of Net Position - Proprietary Funds
June 30, 2025

	Enterprise Funds			Internal Service Fund
	School Nutrition (61)	Non-Major Proprietary Funds	Total	Self Insurance fund (71)
Assets				
Current				
Cash and cash equivalents	\$ 120,381	\$ 4,361	\$ 124,742	\$ 477,623
Accounts receivable	4,927	-	4,927	-
Total current assets	<u>125,308</u>	<u>4,361</u>	<u>129,669</u>	<u>477,623</u>
Noncurrent				
Capital assets, net of accumulated depreciation	52,667	-	52,667	-
Total assets	<u>\$ 177,975</u>	<u>\$ 4,361</u>	<u>\$ 182,336</u>	<u>\$ 477,623</u>
Liabilities				
Current				
Unearned revenue	\$ 13,546	\$ -	\$ 13,546	\$ -
Net Position				
Investment in Capital Assets	52,667	-	52,667	-
Unrestricted	111,762	4,361	116,123	477,623
Total net position	<u>164,429</u>	<u>4,361</u>	<u>168,790</u>	<u>477,623</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 177,975</u>	<u>\$ 4,361</u>	<u>\$ 182,336</u>	<u>\$ 477,623</u>

**North Mahaska Community School District
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2025**

	Enterprise Funds			Internal Service Fund
	School Nutrition (61)	Non-Major Proprietary Funds	Total	Self Insurance fund (71)
Operating Revenues				
Local Sources				
Charges for services	\$ 138,298	\$ 17,274	\$ 155,572	\$ 54,700
Operating Expenses				
Noninstructional programs				
Salaries and benefits	-	-	-	79,869
Purchased services	319,018	-	319,018	-
Supplies	57,637	12,852	70,489	-
Other	-	18	18	-
Depreciation	5,474	-	5,474	-
Total operating expenses	<u>382,129</u>	<u>12,870</u>	<u>394,999</u>	<u>79,869</u>
Operating income loss	(243,831)	4,404	(239,427)	(25,169)
Nonoperating Revenues				
Federal sources	141,973	-	141,973	-
State sources	1,727	-	1,727	-
Investment income	2,137	4	2,141	-
Total nonoperating revenues	<u>145,837</u>	<u>4</u>	<u>145,841</u>	<u>-</u>
Change in net position	(97,994)	4,408	(93,586)	(25,169)
Net Position				
Beginning of year	<u>262,423</u>	<u>(47)</u>	<u>262,376</u>	<u>502,792</u>
End of year	<u>\$ 164,429</u>	<u>\$ 4,361</u>	<u>\$ 168,790</u>	<u>\$ 477,623</u>

North Mahaska Community School District
Statement of Cash Flows -
Proprietary Funds
Year Ended June 30, 2025

	Enterprise Funds			Internal Service Fund
	School Nutrition (61)	Nonmajor Funds	Total	Self Insurance Fund (71)
Cash Flows - Operating Activities				
Cash received from miscellaneous operating activities	\$ -	\$ 17,274	\$ 17,274	\$ 54,896
Cash received from sale of lunches and breakfast	126,046	-	126,046	-
Payments to employees	(12)	-	(12)	-
Payments to suppliers	(359,336)	(13,716)	(373,052)	(79,869)
Net cash flows - operating activities	<u>(233,302)</u>	<u>3,558</u>	<u>(229,744)</u>	<u>(24,973)</u>
Cash Flows - Noncapital Financing Activities				
State grants received	1,727	-	1,727	-
Federal grants received	124,654	-	124,654	-
Net cash flows - noncapital financing activities	<u>126,381</u>	<u>-</u>	<u>126,381</u>	<u>-</u>
Cash Flows - Capital and Related Financing Activities				
Acquisition of capital assets	(4,994)	-	(4,994)	-
Cash Flows - Investment Activities				
Interest received	2,137	4	2,141	-
Net change in cash and cash equivalents	(109,778)	3,562	(106,216)	(24,973)
Cash and Cash Equivalents				
Beginning of year	230,159	799	230,958	502,596
End of year	<u>\$ 120,381</u>	<u>\$ 4,361</u>	<u>\$ 124,742</u>	<u>\$ 477,623</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities				
Operating income (loss)	\$ (243,831)	\$ 4,404	\$ (239,427)	\$ (25,169)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Commodities used	17,319	-	17,319	-
Depreciation	5,474	-	5,474	-
Accounts receivable	(4,927)	-	(4,927)	196
Pension expense	(12)	-	(12)	-
Unearned revenue	(7,325)	-	(7,325)	-
Due to/from other funds	-	(846)	(846)	-
Net adjustments	<u>10,529</u>	<u>(846)</u>	<u>9,683</u>	<u>196</u>
Net cash flows - operating activities	<u>\$ (233,302)</u>	<u>\$ 3,558</u>	<u>\$ (229,744)</u>	<u>\$ (24,973)</u>
Non-Cash Investing, Capital and Related Financing Activities				
During the year ended June 30, 2025 the District received federal commodities.	\$ 17,319	\$ -	\$ 17,319	\$ -

See notes to basic financial statements.

**North Mahaska Community School District
Statement of Fiduciary Net Position
June 30, 2025**

	Custodial Fund	Private Purpose Trust
Assets		
Current		
Cash and investments	\$ -	\$ 209,943
Due from other governments	23,906	-
	23,906	-
Total assets	23,906	209,943
Liabilities		
Due to other governments	\$ 20,326	\$ -
	20,326	-
Net Position		
Held for other governments	\$ 3,580	\$ -
Held in trust	-	209,943
	3,580	209,943
Total net position	\$ 3,580	\$ 209,943

**North Mahaska Community School District
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2025**

	Custodial Fund	Private Purpose Trust
Additions		
Interest income	\$ -	\$ 13,365
Intergovernmental	18,566	-
Total additions	18,566	13,365
Deductions		
Intergovernmental	14,986	-
Scholarships	-	7,206
Total deductions	14,986	7,206
Change in net position	3,580	6,159
Net Position		
Beginning of year	-	203,784
End of year	\$ 3,580	\$ 209,943

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North Mahaska Community School District Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

North Mahaska Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and technical and recreational courses. The geographic area served includes the City of New Sharon, Iowa and the predominate agricultural territory in Mahaska and Poweshiek counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, North Mahaska 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 basic financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but 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 Mahaska County Assessor's Conference Boards.

B. Basic Financial Statement Information

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

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

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

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

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

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

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

Description of Funds:

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 - This fund is the main 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.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and payment of, general obligation (G.O.) bond and state loan principal, interest and related costs.

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

The other governmental funds of the District are considered non-major and are as follows:

The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Management Fund - This fund is authorized by *Iowa Code* Section 298.4 and accounts for transactions related to unemployment, early retirement, judgements and settlements and the cost of liability insurance as it relates to property and casualty.

Student Activity Funds - This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

Description of Funds: (Continued)

The District reports the following major proprietary fund:

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

The District reports the following non-major proprietary funds:

The N.M. Custom Creations Fund - This fund is used to account for the business activity of this venture.

The Warhawk Café Fund - This fund is used to account for the business activity of this venture.

Internal Service Funds are used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The District has the following internal service fund:

Partial Self-Insurance Fund - This fund accounts for transactions for self-insured health insurance received by District employees in which the District is responsible for paying all claims and administrative costs attributable to the insurances listed above.

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

The Private Purpose Trust Fund - This fund 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.

Custodial Fund - This fund is used to account for assets held by the District as a custodian for individuals, private organizations, and other governments.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements and the 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 District considers revenues to be available if they are collected within 60 days after year end.

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchases are reported as other financing sources.

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

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

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

D. Cash, Cash Equivalents, and 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.

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

E. Property Tax Receivable

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

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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. Current year property tax receivable represents unpaid taxes from the current year. 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 deferred 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 1-1/2% per month penalty for delinquent payments; is based on 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.

F. Income Surtax Receivable

Income surtax budgeted for the fiscal year ended June 30, 2025, will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred inflows of resources on the modified accrual basis for the governmental funds. For the government-wide statements, on the Statement of Activities the income surtax revenue is recognized.

G. Due from Other Governments

Due from other governments represents primarily amounts due from the State of Iowa, also included are amounts due for various shared revenue, grants, and reimbursements from other governments.

H. Capital Assets

Capital assets, which include property, furniture and equipment, and intangibles acquired after July 1, 1980, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 for governmental activities and \$500 for the proprietary Enterprise Funds and estimated useful lives in excess of two years.

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50
Improvements other than buildings	20 - 40
Right-to-use leased assets	2 - 15
Furniture and equipment	5 - 20

I. Right-to-Use Lease Assets/Lease Liabilities

The District recorded right-to-use lease assets as a result of implementing GASB Statement No. 87, Leases. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the lease liability plus any payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Key estimates and judgments related to leases include (1) the discount rate, (2) lease term, and (3) lease payments.

The 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 determines its estimated borrowing rate based on the applicable State and Local Government Securities rate. 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 purchase option the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a re-measurement of the leases and will remeasure the right-to-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

J. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net assets applicable to a future period(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 project and actual earnings on pension plan investments, and contributions from the District after the measurement date by before the end of the District's reporting period.

K. Salaries and Benefits Payable

Payroll and related expenditures for employees with annual contracts corresponding to a current school year, which are payable in July and August have been accrued as liabilities.

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Compensated Absences

Compensated absences is calculated consisting of leave that has not been used that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability would also include amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. The District has no compensated absence liability at June 30, 2025.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net position. Bond premiums are amortized over the life of the bonds using the straight-line method. Refunding of debt may result in deferred gains or losses and are reported as deferred inflows and outflows of resources. The difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of long-term debt interest and fiscal charges using the straight-line method.

In the fund financial statements, governmental fund types recognize premiums, and issuance costs during the current period. The face amount of debt issued is reported as another financing source. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. 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.

O. 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 District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenue is measurable, it is 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 consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivables that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the statement of net positions consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, and unrecognized items not yet charged to pension.

Q. Fund Balances

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

- Nonspendable Fund Balances - These are amounts which cannot be spent because they are legally or contractually required to be intact or are not expected to be converted to cash.
- Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, granters, or state or federal laws or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted fund balance.
- Unassigned - All amounts not included in the preceding classifications.

R. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplementary information. During the year ended June 30, 2025, expenditures/expenses did not exceed budgeted amounts.

S. Estimates and Assumptions

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. Deposits

The District's deposits in banks at 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.

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

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 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 deposits of \$3,137,894 and the Fiduciary Funds had deposits of \$209,943.

B. Investments

At June 30, 2025, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$2,884,965. 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. The District also had State and Local Government Securities of \$210,000 that mature in 2026 and are valued at fair value using Level 2 inputs, and Money Market funds of \$150,135 that are valued at fair value using Level 1 inputs.

C. Deposits and Investments

The following is a summary of total deposits and investments:

District Funds other than Fiduciary Funds	
Deposits (Note 2.A.)	\$ 3,137,894
Investments (Note 2.B.)	3,245,100
Fiduciary Funds (Note 2.A)	209,943
Total deposits and investments	\$ 6,592,937

Deposits and investment at June 30 2025, are presented as follows:

Statement of Net Position	
Cash and Investments	\$ 6,382,994
Statement of Fiduciary Net Position	
Fiduciary Funds	
Cash and cash equivalents	209,943
Total deposits and investments	\$ 6,592,937

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 3 - INTERFUND TRANSFERS

Interfund Transfers

Transfer In	Transfer Out	Amount
Debt Service	General Fund	\$ 19,416
Debt Service	Capital projects	628,564
Total		\$ 647,980

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

**North Mahaska Community School District
Notes to Basic Financial Statements**

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/amortized				
Land	\$ 95,250	\$ -	\$ -	\$ 95,250
Construction in progress	897,541	666,443	1,128,093	435,891
Total capital assets not being depreciated	<u>992,791</u>	<u>666,443</u>	<u>1,128,093</u>	<u>531,141</u>
Capital assets being depreciated/amortized				
Buildings	21,046,085	1,171,086	-	22,217,171
Improvements other than buildings	2,283,700	142,599	-	2,426,299
Furniture and equipment	2,146,587	185,539	-	2,332,126
Right-to-use leased equipment	88,941	-	-	88,941
Total capital assets being depreciated/amortized	<u>25,565,313</u>	<u>1,499,224</u>	<u>-</u>	<u>27,064,537</u>
Less accumulated depreciation/amortization for				
Buildings and improvements	4,842,457	511,047	-	5,353,504
Improvements other than buildings	1,098,032	53,553	-	1,151,585
Furniture and equipment	1,677,819	91,703	-	1,769,522
Right-to-use leased equipment	42,999	17,784	-	60,783
Total accumulated depreciation/amortization	<u>7,661,307</u>	<u>674,087</u>	<u>-</u>	<u>8,335,394</u>
Total capital assets being depreciated/amortized, net	<u>17,904,006</u>	<u>825,137</u>	<u>-</u>	<u>18,729,143</u>
Governmental activities capital assets, net	<u>\$ 18,896,797</u>	<u>\$ 1,491,580</u>	<u>\$ 1,128,093</u>	<u>\$ 19,260,284</u>
Business-Type Activities				
Furniture and equipment	\$ 175,696	\$ 4,994	\$ -	\$ 180,690
Less accumulated depreciation	122,549	5,474	-	128,023
Business-type activities capital assets, net	<u>\$ 53,147</u>	<u>\$ (480)</u>	<u>\$ -</u>	<u>\$ 52,667</u>

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the following functions:

Governmental Activities		
Instruction		
Regular	\$	19,347
Other		52,141
Support services		
Instructional staff		2,067
Operation and maintenance of plant		20,784
Transportation		38,223
Unallocated		<u>541,525</u>
Total depreciation expense - governmental activities	\$	<u><u>674,087</u></u>
Business-Type Activities		
Food service operations	\$	<u><u>5,474</u></u>

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					
Revenue bonds	\$ 1,800,000	\$ -	\$ 280,000	\$ 1,520,000	\$ 290,000
General obligation bonds	10,760,000	-	545,000	10,215,000	560,000
Unamortized premium on bonds payable	281,139	-	18,416	262,723	-
Early retirement	39,615	-	39,615	-	-
Lease payable	53,662	-	23,798	29,864	18,668
Net pension liability	2,201,039	-	492,728	1,708,311	-
Total OPEB liability	<u>133,447</u>	<u>-</u>	<u>36,596</u>	<u>96,851</u>	<u>34,000</u>
Total	<u>\$ 15,268,902</u>	<u>\$ -</u>	<u>\$ 1,436,153</u>	<u>\$ 13,832,749</u>	<u>\$ 902,668</u>
	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	Due Within One Year
Business-Type Activities					
Total OPEB liability	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ -</u>

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

A. General Obligation Bonds

Details of the District's June 30, 2025, general obligation indebtedness are as follows:

Year Ending June 30,	Bond Issue of June 1, 2020			Total
	Interest Rate	Principal	Interest	
2026	3.00%	\$ 425,000	\$ 193,665	\$ 618,665
2027	3.00%	440,000	180,915	620,915
2028	3.00%	450,000	167,715	617,715
2029	3.00%	465,000	154,215	619,215
2030	3.00%	480,000	140,265	620,265
2031-2035	2.00-2.30%	2,565,000	523,550	3,088,550
2036-2040	2.35-2.55%	2,860,000	216,710	3,076,710
Total		<u>\$ 7,685,000</u>	<u>\$ 1,577,035</u>	<u>\$ 9,262,035</u>

On June 1, 2020, the District issued \$10,000,000 of general obligation bonds for the improvement and remodel of existing buildings. The bonds bear interest at rates ranging from 2.00% to 3.00% per annum. During the year ended June 30, 2025, principal and interest paid were \$415,000 and \$206,115, respectively,

Year Ending June 30,	Bond Issue of June 1, 2022			Total
	Interest Rate	Principal	Interest	
2026	4.00%	\$ 135,000	\$ 83,150	\$ 218,150
2027	4.00%	140,000	77,750	217,750
2028	4.00%	145,000	72,150	217,150
2029	4.00%	150,000	66,350	216,350
2030	4.00%	155,000	60,350	215,350
2031-2035	3.00%	865,000	220,500	1,085,500
2036-2040	3.00%	940,000	85,500	1,025,500
Total		<u>\$ 2,530,000</u>	<u>\$ 665,750</u>	<u>\$ 3,195,750</u>

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

A. General Obligation Bonds (Continued)

On June 1, 2022, the District issued \$2,800,000 of general obligation bonds for improvements to existing buildings. The bonds bear interest at rates ranging from 3.00% to 4.00% per annum. During the year ended June 30, 2025, principal and interest paid were \$130,000 and \$88,350 respectively.

B. Revenue Bonds

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

Year Ending June 30,	Bond Issue of May 3, 2016			Total
	Interest Rate	Principal	Interest	
2026	2.42%	\$ 290,000	\$ 33,275	\$ 323,275
2027	2.42%	295,000	26,196	321,196
2028	2.42%	305,000	18,936	323,936
2029	2.42%	310,000	11,495	321,495
2030	2.42%	320,000	3,872	323,872
Total		<u>\$ 1,520,000</u>	<u>\$ 93,774</u>	<u>\$ 1,613,774</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,580,000 of bonds issued in May 2016. The bonds were issued for the purpose of financing a portion of the costs of infrastructure improvements. 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 nearly 50% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$1,613,774. For the current year, \$320,172 of principal and interest was paid on the bonds and total statewide sales, services and use tax revenues were \$623,649.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.

Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.

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 District did comply with all of the revenue bond provisions during the year ended June 30, 2025.

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

C. Lease Payable

Details of the District's June 30, 2025 lease agreement is as follows:

Year Ending June 30,	Xerox Equipment Lease			Total
	Interest Rate	Principal	Interest	
2026	3.50%	\$ 18,668	\$ 748	\$ 19,416
2027	3.50%	11,196	131	11,327
Total		\$ 29,864	\$ 879	\$ 30,743

On November 15, 2021, the District entered into a lease agreement for printers/ copiers. An initial lease liability was recorded in the amount of \$88,941. The agreement requires monthly payments of \$1,618 over 60 months with an implicit interest rate of 3.50% and final payment due January 15, 2027. During the year ended June 30, 2025, principal and interest paid were \$23,798 and \$1,345, respectively.

NOTE 6 - PENSION AND RETIREMENT BENEFITS

A. Plan Description

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

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

B. 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.

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

B. Pension Benefits (Continued)

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

C. Disability and Death Benefits

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

D. 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 one percentage point. IPERS' Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 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, were \$469,294.

E. Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2025, the District reported a liability of \$1,708,311 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. As of June 30, 2024, the District's proportion was 0.046261% which was a decrease of 0.001401% from its proportion measured as of June 30, 2023.

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

E. Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2025, the District recognized pension expense of \$171,041. As of 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 Inflow of Resources
Differences between expected and actual experience	\$ 135,932	\$ 1,060
Changes of assumptions	-	24
Net difference between projected and actual earnings on IPERS investments	21,367	-
Changes in proportion and differences between District contributions and proportionate share of contributions	77,378	96,251
District contributions subsequent to the measurement date	469,294	-
Total	\$ 703,971	\$ 97,335

The \$469,294 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense on the next page.

Year Ending June 30,			
2026			\$ (222,470)
2027			425,329
2028			10,395
2029			(71,569)
2030			(4,343)
Total			\$ 137,342

There were no non-employer contributing entities to IPERS.

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

F. 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:

Rate of inflation (effective June 30, 2017)	2.6% per annum.
Salary increases (effective June 30, 2017)	3.25% to 16.25%, average, including inflation. Rates vary by membership group.
Long-term Investment rate of return (effective June 30, 2017)	7.0% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.6% inflation assumption and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2024, valuation was based on the results of a quadrennial experience study covering the period of 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 arithmetic real rates of return for each major asset class are summarized in the following table on the next page.

<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>	

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

G. Discount Rate

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

H. Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability	\$ 4,192,164	\$ 1,708,311	\$ (371,929)

I. Pension Plan Fiduciary Net Position

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

J. Payables to the Pension Plan

As of June 30, 2024, the District reported payables to the defined benefit pension plan of \$62,973 for legally required employer contributions and \$41,959 for legally required employee contributions withheld from employee wages but not yet remitted to IPERS.

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year.

NOTE 8 - AREA EDUCATION AGENCY SUPPORT

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 \$201,190 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.

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. 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.

B. Benefit Provided

Individuals who are employed by North Mahaska 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.

C. Members

Retired participants must be age 55 or older at retirement. At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Active employees	78
Total	80

D. Methods and Assumptions

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

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Rates of Inflation (effective June 30, 2024)	3.25% per annum
Discount rate (effective June 30, 2025)	5.20% compounded annually. including inflation.
Healthcare cost trend rate (effective June 30, 2024)	7.75% decreasing to an ultimate rate of 4.00%

The assumptions used in the June 30, 2025, valuation was based on the results of an experience study for the period July 1, 2024 through June 30, 2025.

The discount rate used to measure the total OPEB liability was 5.20% based on the 20-year municipal bond yield.

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

D. Methods and Assumptions (Continued)

Changes in assumptions since the prior valuation are as follows:

- The discount rate was updated from 3.93% at the beginning of the fiscal year to 5.20% at the end of the fiscal year.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.20% 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.

E. Total OPEB Liability

The District's total OPEB liability of \$96,851 was measured as of June 30, 2025, and was determined by an alternative measurement method valuation as of June 30, 2025.

	Total OPEB Liability (a)
	\$ 133,459
Balances at July 1, 2024	
Changes for the year	
Service cost	20,610
Interest	5,388
Changes in assumptions and other inputs	(28,643)
Benefit payments	(33,963)
Net changes	(36,608)
Balances at June 30, 2025	\$ 96,851

F. OPEB Liability Sensitivity

The following presents the District's total OPEB liability calculated using the discount rate of 5.20% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	1% Decrease in Discount Rate (4.20%)	Current Discount Rate (5.20%)	1% Increase in Discount Rate (6.20%)
Total OPEB liability	\$ 117,000	\$ 96,851	\$ 82,000

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

F. OPEB Liability Sensitivity (Continued)

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.75%) or 1% higher (8.75%) than the current healthcare cost trend rate.

	1% Decrease in Trend Rate (6.75%)	Current Trend Rate (7.75%)	1% Increase in Trend Rate (8.75%)
Total OPEB liability	\$ 83,000	\$ 96,851	\$ 116,000

NOTE 10 - TAX ABATEMENTS

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

Tax Abatements of Other Entities

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapter 15 and 403 of the *Code of Iowa*. Additionally, governmental entities may offer an urban revitalization tax abatement program pursuant to Chapter 404 of the *Code of Iowa*. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

The District was not impacted by any tax abatements of other entities for the year ended June 30, 2025.

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2025, the District did not receive any reimbursement.

NOTE 11 - CATEGORICAL FUNDING

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

**North Mahaska Community School District
Notes to Basic Financial Statements**

NOTE 11 - CATEGORICAL FUNDING (CONTINUED)

The District's restricted fund balance for categorical funding as of June 30, 2025, is comprised of the following programs:

Home School Assistance Program	\$ 92,724
Gifted and Talented	84,668
Teacher Leadership Grant	222,008
Statewide Voluntary 4-Year-Old Preschool	124,379
Flexibility Fund Account Originating from Excess HSAP	658
Early Intervention Supplement	4,288
Professional Development Supplement	3,937
Successful Progression for Early Readers Grant	38,563
Total	\$ 571,225

NOTE 12 - COMMITMENTS

The District entered into contracts totaling \$532,442 for the improvement and remodel of existing facilities. As of June 30, 2025, costs of \$384,790 had been incurred against the contracts. The balance of \$147,652 remaining at June 30, 2025 will be paid as work on the projects progress

NOTE 13 - 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.

NOTE 14 - RESTATEMENTS AND ADJUSTMENTS OF BEGINNING FUND BALANCE AND NET POSITION

During the year ended June 30, 2024, there was an error in recording cash. This resulted in an increase in Capital Projects Fund fund balance and governmental net position of \$65,000.

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances

	Governmental Activities	Capital Projects Fund
6/30/2024, as previously reported	\$ 11,929,937	\$ 2,835,241
Error correction	65,000	65,000
6/30/2024, as adjusted or restated	\$ 11,994,937	\$ 2,900,241

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REQUIRED SUPPLEMENTARY INFORMATION

North Mahaska Community School District
Schedule of Budgetary Comparison of Revenue,
Expenditures/Expenses and Changes in Balances
Budget to Actual - All Governmental Funds and Proprietary Funds
Year Ended June 30, 2025

	Budgeted Amounts		Actual		Variance with Final Budget - Over (Under)
	Original	Final	Governmental Funds	Proprietary Funds	
Revenues					
Local sources	\$ 6,118,126	\$ 6,118,126	\$ 6,395,881	\$ 157,713	\$ 435,468
State sources	3,768,619	3,768,619	4,142,439	1,727	375,547
Federal sources	445,000	445,000	361,662	141,973	58,635
Total revenues	<u>10,331,745</u>	<u>10,331,745</u>	<u>10,899,982</u>	<u>301,413</u>	<u>869,650</u>
Expenditures					
Instruction	6,648,000	6,648,000	6,544,645	-	(103,355)
Support services	3,560,000	3,560,000	2,945,753	-	(614,247)
Noninstructional programs	332,500	432,500	-	394,999	(37,501)
Other expenditures	2,921,522	2,921,522	2,308,521	-	(613,001)
Total expenditures	<u>13,462,022</u>	<u>13,562,022</u>	<u>11,798,919</u>	<u>394,999</u>	<u>(1,368,104)</u>
Net change in fund balance	<u>\$ (3,130,277)</u>	<u>\$ (3,230,277)</u>	(898,937)	(93,586)	<u>\$ 2,237,754</u>
Fund Balance					
Beginning of year			6,850,157	262,376	
Error correction (See Note 14)			65,000	-	
Beginning of year, restated			<u>6,915,157</u>	<u>262,376</u>	
End of year			<u>\$ 6,016,220</u>	<u>\$ 168,790</u>	

**North Mahaska Community School District
Notes to the Required Supplementary Information-
Budgetary Reporting**

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 internal service, private-purpose trust, and custodial funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, noninstructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The *Code of Iowa* also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did adopt a budget amendment.

During the year ended June 30, 2025, expenditures did not exceed the amounts budgeted.

**North Mahaska Community School District
Schedule of District's Proportionate Share
of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Ten Years (In Thousands)**

Fiscal Year Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.0484%	\$ 2,407	\$ 3,338	72.11%	85.19%
2017	0.0427%	2,664	3,038	87.69%	81.82%
2018	0.0497%	3,279	3,675	89.22%	82.21%
2019	0.0504%	3,190	3,751	85.04%	83.62%
2020	0.0473%	2,759	3,625	76.11%	85.45%
2021	0.0459%	3,202	3,618	88.50%	82.90%
2022	0.0462%	65	3,747	1.73%	100.81%
2023	0.0492%	1,954	4,166	46.90%	91.41%
2024	0.0477%	2,201	4,275	51.49%	90.13%
2025	0.0463%	1,708	4,968	34.38%	92.30%

**North Mahaska Community School District
Schedule of District Contributions
Iowa Public Employees' Retirement System
Last Ten Years (In Thousands)**

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 271	\$ 271	\$ -	\$ 3,038	8.92%
2017	328	328	-	3,673	8.93%
2018	335	335	-	3,751	8.93%
2019	348	348	-	3,625	9.60%
2020	342	342	-	3,619	9.45%
2021	354	354	-	3,746	9.45%
2022	393	393	-	4,168	9.43%
2023	404	404	-	4,275	9.45%
2024	409	409	-	4,333	9.44%
2025	469	469	-	4,968	9.44%

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**North Mahaska Community School District
Notes to the Required Supplementary Information -
Pension Liability**

Changes of Benefit Terms

There are no significant changes in 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 7.0%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

**North Mahaska Community School District
Schedule of Changes in Total OPEB Liability,
Related Ratios and Notes**

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Total OPEB Liability				
Service cost	\$ 37,761	\$ 39,222	\$ 36,360	\$ 39,900
Interest	14,219	14,467	13,438	11,512
Differences between expected and actual experience	-	-	(15,118)	-
Changes of assumptions	(20,166)	21,590	173,219	(77,714)
Benefit payments	(59,894)	(53,388)	(71,193)	(77,762)
Net change in total OPEB liability	<u>(28,080)</u>	<u>21,891</u>	<u>136,706</u>	<u>(104,064)</u>
Beginning of year	<u>389,365</u>	<u>361,285</u>	<u>383,176</u>	<u>519,882</u>
End of year	<u>\$ 361,285</u>	<u>\$ 383,176</u>	<u>\$ 519,882</u>	<u>\$ 415,818</u>
Covered employee payroll	\$ 3,269,074	\$ 3,383,000	\$ 3,184,542	\$ 3,296,000
Total OPEB liability as a percentage of covered-employee payroll	11.05%	11.33%	16.33%	12.62%

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

Change 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	5.20%
2024	3.93%
2023	3.65%
2022	3.54%
2021	2.16%
2020	2.21%
2019	3.50%
2019	3.87%
2017	3.58%

Additional changes in assumptions since the prior valuation are as follows.

- None

<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
\$ 37,145	\$ 12,069	\$ 11,790	\$ 20,610
9,636	5,165	4,866	5,388
(7,759)	-	(22,965)	-
(298,675)	(2,056)	37,189	(28,643)
<u>(13,746)</u>	<u>(17,139)</u>	<u>(37,879)</u>	<u>(33,963)</u>
<u>(273,399)</u>	<u>(1,961)</u>	<u>(6,999)</u>	<u>(36,608)</u>
<u>415,818</u>	<u>142,419</u>	<u>140,458</u>	<u>133,459</u>
<u>\$ 142,419</u>	<u>\$ 140,458</u>	<u>\$ 133,459</u>	<u>\$ 96,851</u>
\$ 3,727,673	\$ 3,802,000	\$ 3,633,520	\$ 3,761,000
3.82%	3.69%	3.67%	2.58%

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SUPPLEMENTARY INFORMATION

North Mahaska Community School District
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds		Total
	Student Activity (21)	Management Levy (22)	
Assets			
Cash and investments	\$ 152,374	\$ 621,853	\$ 774,227
Receivables			
Property tax - current year	-	1,573	1,573
Property tax - succeeding year	-	411,999	411,999
Accounts receivable	1,116	-	1,116
Total assets	<u>\$ 153,490</u>	<u>\$ 1,035,425</u>	<u>\$ 1,188,915</u>
Liabilities			
Accounts payable	<u>\$ 6,913</u>	<u>\$ -</u>	<u>\$ 6,913</u>
Deferred Inflows of Resources			
Unavailable revenue - succeeding year property tax	<u>-</u>	<u>411,999</u>	<u>411,999</u>
Fund Balances			
Restricted			
Management levy purposes	-	623,426	623,426
Student activities	146,577	-	146,577
Total fund balances	<u>146,577</u>	<u>623,426</u>	<u>770,003</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 153,490</u>	<u>\$ 1,035,425</u>	<u>\$ 1,188,915</u>

North Mahaska Community School District
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2025

	Special Revenue Funds		Total
	Student Activity (21)	Management Levy (22)	
Revenues			
Revenue from local sources			
Local property taxes	\$ -	\$ 266,639	\$ 266,639
Other local and county revenues	368,444	12,310	380,754
Revenue from state sources	-	1,776	1,776
Total revenues	<u>368,444</u>	<u>280,725</u>	<u>649,169</u>
Expenditures			
Current			
Instruction	396,960	63,339	460,299
Support services			
Administration	-	19,757	19,757
Operation and maintenance of plant	-	231,185	231,185
Transportation	-	27,048	27,048
Debt service			
Interest and fiscal charges	-	1,000	1,000
Total expenditures	<u>396,960</u>	<u>342,329</u>	<u>739,289</u>
Excess of revenues over (under) expenditures	(28,516)	(61,604)	(90,120)
Fund Balances			
Beginning of year	<u>175,093</u>	<u>685,030</u>	<u>860,123</u>
End of year	<u>\$ 146,577</u>	<u>\$ 623,426</u>	<u>\$ 770,003</u>

**North Mahaska Community School District
Schedule of Changes in Student Activity
Special Revenue Fund
Year Ended June 30, 2025**

<u>Account</u>	<u>Balance - Beginning of Year</u>	<u>Revenue and Interfund Transfers</u>	<u>Expenditures and Interfund Transfers</u>	<u>Balance - End of Year</u>
All School Play	\$ 1,586	\$ 368	\$ 883	\$ 1,071
All School Musical	6,092	-	-	6,092
Flags	92	-	92	-
Football Cheerleaders	307	-	-	307
Basketball Cheerleaders	225	-	90	135
Athletic Miscellaneous	1,360	29,588	30,948	-
Wrestling Cheerleaders	(9)	226	217	-
Dance Team	11,392	16,975	28,327	40
Boys Basketball Gate	5,274	10,321	11,742	3,853
Boys Basketball	1,539	280	280	1,539
Football Gate	-	14,647	14,647	-
Baseball Gate	-	4,141	4,141	-
Baseball	600	-	-	600
Softball	361	-	-	361
Boys Track Gate	-	2,827	2,827	-
Boys Track	1,559	50	-	1,609
Golf	1,062	2,537	1,594	2,005
Wrestling Gate	-	11,767	11,767	-
Girls Basketball Gate	9,895	12,977	11,901	10,971
Volleyball Gate	8,653	7,588	6,448	9,793
Volleyball	1,036	1,820	1,820	1,036
Girls Basketball	874	-	-	874
Softball Gate	-	3,342	3,342	-
Girls Track Gate	2,830	-	2,830	-
Girls Track	(1,491)	2,931	190	1,250
Cross Country Gate	-	385	385	-
Cross Country	191	-	41	150
Music Boosters	2,418	-	370	2,048
Weight Room	(1,481)	1,481	-	-
SICL Dues	100	-	100	-
High School Donations	32	-	32	-
Interest	4,285	1,920	6,205	-
Yearbook	4,059	825	3,203	1,681
National Honor Society	465	-	160	305
Spanish Club	413	-	413	-
Senior Class Trip	3,599	-	3,599	-
Washington DC Trip	15	-	15	-
Student Health	84	-	84	-
FFA	9,068	37,327	46,005	390
FFA Foundation	172	15,759	1,280	14,651

North Mahaska Community School District
Schedule of Changes in Student Activity
Special Revenue Fund
Year Ended June 30, 2025

Account	Balance - Beginning of Year	Revenue and Interfund Transfers	Expenditures and Interfund Transfers	Balance - End of Year
FFA Farm	\$ 34,834	\$ 11,066	\$ 21,469	\$ 24,431
FFA Greenhouse	579	1,290	813	1,056
Archery Club	8,339	7,806	9,534	6,611
Band Fundraiser	3,234	-	613	2,621
School Fund Concessions	10,543	62,348	72,891	-
Student Council	1,442	13,065	11,703	2,804
Elementary Fundraiser	76	869	945	-
Rocket Team	113	-	113	-
Class of 2020	104	-	104	-
Class of 2022	1,280	-	1,280	-
Class of 2024	-	10	10	-
Class of 2025	1,981	32,770	34,751	-
Class of 2026	1,810	5,615	2,394	5,031
Class of 2027	460	165	-	625
NM Clay Target Shooters	17,008	52,499	40,259	29,248
Water Bottle Sales	491	-	491	-
Grain For Grads	8,063	-	-	8,063
Class of 2028	320	155	-	475
Class of 2029	235	225	-	460
Class of 2030	-	155	-	155
TJ Goemaat Memorial	3,070	-	3,070	-
Warhawks Newsletter	4,261	324	349	4,236
6th Grade Student Council	193	-	193	-
Total	\$ 175,093	\$ 368,444	\$ 396,960	\$ 146,577

North Mahaska Community School District
Combining Balance Sheet -
Capital Projects Fund Accounts
June 30, 2025

	Capital Projects			Total
	Statewide Sales, Services and Use Tax (33)	Physical Plant and Equipment Levy (36)	Other Capital Projects (31)	
Assets				
Cash and investments	\$ 1,573,210	\$ 83,255	\$ 335,447	\$ 1,991,912
Receivables				
Property tax - delinquent	-	613	-	613
Property tax - succeeding year	-	126,819	-	126,819
Accounts receivable	2,500	-	1,442	3,942
Due from other governmental units	65,400	-	-	65,400
	<u>1,641,110</u>	<u>210,687</u>	<u>336,889</u>	<u>2,188,686</u>
Total assets	<u>\$ 1,641,110</u>	<u>\$ 210,687</u>	<u>\$ 336,889</u>	<u>\$ 2,188,686</u>
Liabilities				
Accounts and contracts payable	\$ -	\$ -	\$ 20,252	\$ 20,252
Deferred Inflows of Resources				
Unavailable revenue - succeeding year property tax	-	126,819	-	126,819
	<u>-</u>	<u>126,819</u>	<u>-</u>	<u>126,819</u>
Fund Balances				
Restricted				
School infrastructure	1,641,110	-	316,637	1,957,747
Physical plant and equipment	-	83,868	-	83,868
Total fund balances	<u>1,641,110</u>	<u>83,868</u>	<u>316,637</u>	<u>2,041,615</u>
	<u>\$ 1,641,110</u>	<u>\$ 210,687</u>	<u>\$ 336,889</u>	<u>\$ 2,188,686</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,641,110</u>	<u>\$ 210,687</u>	<u>\$ 336,889</u>	<u>\$ 2,188,686</u>

North Mahaska Community School District
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances - Capital Projects Fund Accounts
Year Ended June 30, 2025

	Capital Projects			Total
	Statewide Sales, Services and Use Tax (33)	Physical Plant and Equipment Levy (36)	Other Capital Projects (31)	
Revenues				
Revenue from local sources				
Local property taxes	\$ -	\$ 121,181	\$ -	\$ 121,181
Other local and county revenues	51,502	1,177	17,660	70,339
Revenue from state sources	623,649	692	-	624,341
Total revenues	<u>675,151</u>	<u>123,050</u>	<u>17,660</u>	<u>815,861</u>
Expenditures				
Current				
Support services				
Instructional staff	-	86,327	-	86,327
Administration	-	-	2,200	2,200
Business and central administration	2,520	27,872	-	30,392
Facilities acquisition and construction	27,204	2,099	890,001	919,304
Capital Outlay	2,900	4,800	-	7,700
Total expenditures	<u>32,624</u>	<u>121,098</u>	<u>892,201</u>	<u>1,045,923</u>
Excess of revenues over (under) expenditures	642,527	1,952	(874,541)	(230,062)
Other Financing Uses				
Transfers out	(628,564)	-	-	(628,564)
Net change in fund balances	13,963	1,952	(874,541)	(858,626)
Fund Balances				
Beginning of year	1,627,147	81,916	1,126,178	2,835,241
Error correction (See Note 14)	-	-	65,000	65,000
Beginning of year - restated	<u>1,627,147</u>	<u>81,916</u>	<u>1,191,178</u>	<u>2,900,241</u>
End of year	<u>\$ 1,641,110</u>	<u>\$ 83,868</u>	<u>\$ 316,637</u>	<u>\$ 2,041,615</u>

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North Mahaska Community School District
Statement of Net Position - Non-Major Proprietary Funds
June 30, 2025

	Business Type Activities		
	NM Custom Creations (68)	Warhawk Cafe (69)	Total
Assets			
Current			
Cash and cash equivalents	\$ 3,842	\$ 519	\$ 4,361
Net Position			
Unrestricted	\$ 3,842	\$ 519	\$ 4,361

North Mahaska Community School District
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Non-Major Proprietary Funds
Year Ended June 30, 2025

	Business Type Activities		
	NM Custom Creations (68)	Warhawk Cafe (69)	Total
Operating Revenues			
Local Sources			
Charges for services	\$ 14,318	\$ 2,956	\$ 17,274
Operating Expenses			
Noninstructional programs			
Supplies	10,786	2,066	12,852
Other	-	18	18
Total operating expenses	10,786	2,084	12,870
Operating income loss	3,532	872	4,404
Nonoperating Revenues			
Investment income	4	-	4
Change in net position	3,536	872	4,408
Net Position			
Beginning of year	306	(353)	(47)
End of year	\$ 3,842	\$ 519	\$ 4,361

North Mahaska Community School District
Statement of Cash Flows -
Nonmajor Proprietary Funds
Year Ended June 30, 2025

	Business Type Activities		Total
	NM Custom Creation (68)	Warhawk Cafe (69)	
Cash Flows - Operating Activities			
Cash received from miscellaneous operating activities	\$ 14,318	\$ 2,956	\$ 17,274
Payments to suppliers	(10,786)	(2,930)	(13,716)
Net cash flows - operating activities	<u>3,532</u>	<u>26</u>	<u>3,558</u>
Cash Flows - Investment Activities			
Interest received	<u>4</u>	<u>-</u>	<u>4</u>
Net change in cash and cash equivalents	3,536	26	3,562
Cash and Cash Equivalents			
Beginning of year	<u>306</u>	<u>493</u>	<u>799</u>
End of year	<u>\$ 3,842</u>	<u>\$ 519</u>	<u>\$ 4,361</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities			
Operating income (loss)	<u>\$ 3,532</u>	<u>\$ 872</u>	<u>\$ 4,404</u>
Adjustments to reconcile operating income (loss) to net cash flows - operating activities			
Due to/from other funds	<u>-</u>	<u>(846)</u>	<u>(846)</u>
Net cash flows - operating activities	<u>\$ 3,532</u>	<u>\$ 26</u>	<u>\$ 3,558</u>

North Mahaska Community School District
Schedule of Revenue by Source, Expenditures by Function
- All Governmental Fund Types
(Modified Accrual Basis)
Last Ten Years

	Fiscal Year			
	2025	2024	2023	2022
Revenue				
Local sources				
Local tax	\$ 4,156,738	\$ 3,875,217	\$ 3,735,624	\$ 3,595,070
Tuition	1,491,747	1,312,497	1,373,679	1,249,485
Other	747,396	837,230	822,650	477,008
Intermediate Sources	-	-	-	85
State sources	4,142,439	4,058,703	4,125,428	3,668,750
Federal sources	361,662	290,606	341,666	530,815
Total revenue	<u>10,899,982</u>	<u>10,374,253</u>	<u>10,399,047</u>	<u>9,521,213</u>
Expenditures				
Instruction				
Regular	3,926,858	3,412,585	3,621,139	3,333,910
Special	1,127,180	980,433	1,064,830	1,009,275
Other	1,353,339	1,142,565	1,092,977	1,199,953
Support Services				
Student	184,319	270,077	239,584	177,299
Instructional staff	237,754	171,305	198,322	366,010
Administration	937,266	1,081,634	776,325	766,877
Operation and maintenance of plant	910,082	796,914	878,966	742,826
Transportation	570,097	416,406	360,896	459,380
Non-instructional programs	-	-	-	-
Other expenditures				
AEA flowthrough	201,190	241,796	243,890	229,501
Facilities acquisition	919,304	1,271,032	873,438	2,103,444
Capital outlay	243,503	510,298	-	-
Debt Service				
Principal	848,799	892,502	884,365	841,246
Interest and fiscal charges	339,228	363,192	388,912	321,358
Total expenditures	<u>\$ 11,798,919</u>	<u>\$ 11,550,739</u>	<u>\$ 10,623,644</u>	<u>\$ 11,551,079</u>

Fiscal Year

2021	2020	2019	2018	2017	2016
\$ 3,489,395	\$ 3,426,377	\$ 2,971,971	\$ 2,756,540	\$ 2,648,765	\$ 2,578,288
973,536	945,801	848,887	699,369	583,448	468,351
381,438	371,226	546,081	533,258	474,830	476,398
30,845	-	10,794	10,799	10,971	11,809
3,542,129	3,072,951	3,406,123	3,674,648	3,547,255	3,270,504
214,523	229,729	144,437	153,130	180,253	199,905
<u>8,631,866</u>	<u>8,046,084</u>	<u>7,928,293</u>	<u>7,827,744</u>	<u>7,445,522</u>	<u>7,005,255</u>
2,943,642	2,615,434	2,646,949	2,723,857	2,823,703	3,071,020
968,697	887,435	826,227	812,621	879,619	775,092
1,092,147	1,127,240	1,248,503	1,186,133	1,186,312	1,008,513
195,795	163,833	117,226	138,701	117,147	124,061
379,806	174,199	135,404	189,761	180,944	160,962
688,947	783,530	659,260	643,829	599,653	570,732
640,439	629,546	491,107	506,384	605,077	520,305
310,878	312,066	277,981	278,395	276,437	272,790
119	5,168	5,515	6,428	8,368	8,552
224,786	217,585	220,513	225,201	208,360	210,606
6,928,168	955,325	66,842	295,352	3,685,699	293,441
-	-	-	-	-	-
753,158	323,255	311,503	304,793	170,609	209,741
329,120	149,703	81,592	89,049	65,117	9,429
<u>\$ 15,455,702</u>	<u>\$ 8,344,319</u>	<u>\$ 7,088,622</u>	<u>\$ 7,400,504</u>	<u>\$ 10,807,045</u>	<u>\$ 7,235,244</u>

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

Independent Auditor's Report

To the School Board
North Mahaska Community School District
New Sharon, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Mahaska Community School District, New Sharon, Iowa, as of and for the year ending June 30, 2025, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 10, 2026.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's basic 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 did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses identified as Audit Finding 2025-001 and 2025-002.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic 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 basic financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in part IV of the accompanying Schedule of Findings and Responses.

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 basic 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.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the 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.

BerganKDV, Ltd.

St. Cloud, Minnesota
February 10, 2026

**North Mahaska Community School District
Schedule of Findings and Responses**

SECTION I - FINANCIAL STATEMENT FINDINGS

Audit Finding 2025-001

Criteria:

Internal control that supports the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements requires adequate segregation of accounting duties.

Condition:

During the year ended June 30, 2025, the District had a lack of segregation of accounting duties due to a limited number of office employees. This lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- The Business Manager can reconcile receipts received, enter receipts into the accounting system, and prepare the bank reconciliation.
- The Business Manager has access to all areas of the accounting system.
- The Business Manager reconciles property taxes and federal receivables and capital assets without review.
- The Business Manager has the ability to make journal entries without review.

Management is aware of this condition and will take certain steps to compensate for the lack of segregation. However, due to the small accounting staff needed to handle all of the accounting duties, the cost of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. Due to this reason, management has determined a complete segregation of accounting duties is impractical to correct.

Context:

This finding impacts the internal control over financial reporting.

Cause:

There are a limited number of office employees.

Effect or Potential Effect:

The lack of adequate segregation of accounting duties could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation:

Continue to review the accounting system, including changes that may occur. Implement segregation whenever practical.

**North Mahaska Community School District
Schedule of Findings and Responses**

SECTION I - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2025-001 (Continued)

Views of Responsible Officials and Planned Corrective Actions:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
Administration will add additional internal controls where the benefit exceeds the cost.
3. Official Responsible for Ensuring CAP
Lynette Van Donselaar, Business Manager, is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2026.
5. Plan to Monitor Completion of CAP
The School Board will be monitoring this CAP.

**North Mahaska Community School District
Schedule of Findings and Responses**

SECTION I - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2025-002

Criteria or Specific Requirement:

Internal control that supports the District's ability to initiate, record, process and report financial data requires controls to ensure all required adjustments to the financial statements are properly recorded.

Condition:

During the course of our audit, we proposed a prior period adjustment and a material audit adjustment that would not have been identified as a result of the District's internal controls, and therefore, could have resulted in material misstatement of the District's financial statements. In order to ensure financial statements were free from material misstatement, a prior period adjustment and a material audit adjustment was made for cash and receivables.

Context:

This finding impacts internal control for all significant accounting functions.

Cause:

There are a limited number of office employees to identify all necessary adjustments.

Effect or Potential Effect:

Internal controls that fail to identify necessary adjustments could result in material misstatements to the financial statements.

Recommendation:

Review District activity and ensure all necessary adjustments to financial data are recorded.

Views of Responsible Officials and Planned Corrective Actions:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The District will thoroughly review activity throughout the year and ensure all necessary adjustments to financial data are recorded.
3. Official Responsible for Ensuring
Lynette Van Donselaar, Business Manager is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2026.
5. Plan to Monitor Completion of CAP
The School Board will be monitoring this CAP.

**North Mahaska Community School District
Schedule of Findings and Responses**

SECTION II - OTHER FINDINGS RELATED TO STATUTORY REPORTING

II-A-25 - Certified Budget

Disbursements did not exceed budgeted amounts.

II-B-25 - Questionable Expenditures

We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's Opinion dated April 25, 1979.

II-C-25 - Travel Expense

No expenditures of District money for travel expenses of spouse of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-25 - Business Transactions

There was no transaction between the District and District officials.

II-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*.

II-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 coverage is adequate for current operations.

II-G-25 - Board Minutes

No transactions were found that we believe should have been approved in the Board minutes but were not.

II-H-25 - Certified Enrollment

Finding:

The following variances in the basic enrollment data certified to the Iowa Department of Education were noted:

The error resulted in the District over reporting by 1.60 students.

Auditor's Recommendation:

The District should review procedures to ensure accurate counts are taken throughout the year and accurate enrollment data is certified to the Iowa Department of Education.

Views of Responsible Officials:

The District will contact the Iowa Department of Education and Iowa Department of Management notifying them of the above changes. The District will continue to monitor reconciliations of District information to information certified to the Iowa Department of Education.

Auditor's Conclusion:

Response accepted.

**North Mahaska Community School District
Schedule of Findings and Responses**

SECTION II - OTHER FINDINGS RELATED TO STATUTORY REPORTING (CONTINUED)

II-I-25 - Supplementary Weighting

There were no variances noted in the supplementary weighting data certified to the Iowa Department of Education.

II-J-2 - Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the *Code of Iowa* and the District's investment policy were noted.

II-K-25 - Certified Annual Report

The Certified Annual Report was certified timely to the Iowa Department of Education.

II-L-25 - Categorical Funding

No instances were found of categorical funding being used to supplant rather than supplement other funds.

II-M-25 - Statewide Sales, Services, and Use Tax

No instances of noncompliance with the allowable use of the statewide sales, services, and use tax revenue provided in Chapter 423F.3 of the *Code of Iowa* were noted.

Pursuant to Chapter 423F.5 of the *Code of Iowa*, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2025, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 1,627,147
Revenue/other financing sources		
Sales tax revenue	\$ 623,649	
Other local revenue	51,502	675,151
Expenditures/transfers out		
School infrastructure construction	32,624	
Transfer out	628,564	661,188
Ending balance		\$ 1,641,110

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