

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

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New Hampton Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Joe Rosonke	President	2021
Damian Baltes	Vice President	2021
Jay Matthews	Board Member	2023
Nathaniel Schwickerath	Board Member	2023
Timothy Denner	Board Member	2021
School Officials		
Jay Jurrens	Superintendent	2021
Christy Roethler	Board Secretary/Treasurer School Business Official	2021
Swisher & Cohrt, P.L.C	Attorney	2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of New Hampton Community School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of New Hampton Community School District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 18 to the financial statements, New Hampton Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise New Hampton Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 13, 2023 on our consideration of New Hampton Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering New Hampton Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

January 13, 2023
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

New Hampton 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, 2021. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities, during fiscal year 2021. The beginning net position for fiduciary (custodial) funds was restated by \$3,955 to retroactively report fiduciary funds in accordance with the GASBS.
- General Fund revenues increased from \$11,859,287 in fiscal year 2020 to \$12,015,293 in fiscal year 2021. General Fund expenditures increased from \$11,651,523 in fiscal year 2020 to \$11,858,482 in fiscal year 2020. The District's General Fund balance increased from \$2,855,016 at June 30, 2020 to \$3,011,827 at June 30, 2021, a 5.49% increase from the prior year.
- The increase in General Fund revenues was primarily due to an increase in federal grant revenues. The increase in expenditures was due in part to increased expenditures for regular instruction.
- The District's total net position decreased from \$4,868,278 at June 30, 2020 to \$4,550,589 at June 30, 2021. Total revenues increased 1.64% from \$15,402,602 in fiscal year 2020 to \$15,402,602 in fiscal year 2020, while total expenses decreased \$450 from \$15,972,704 in fiscal year 2020 to \$15,972,254 in fiscal year 2021.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

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

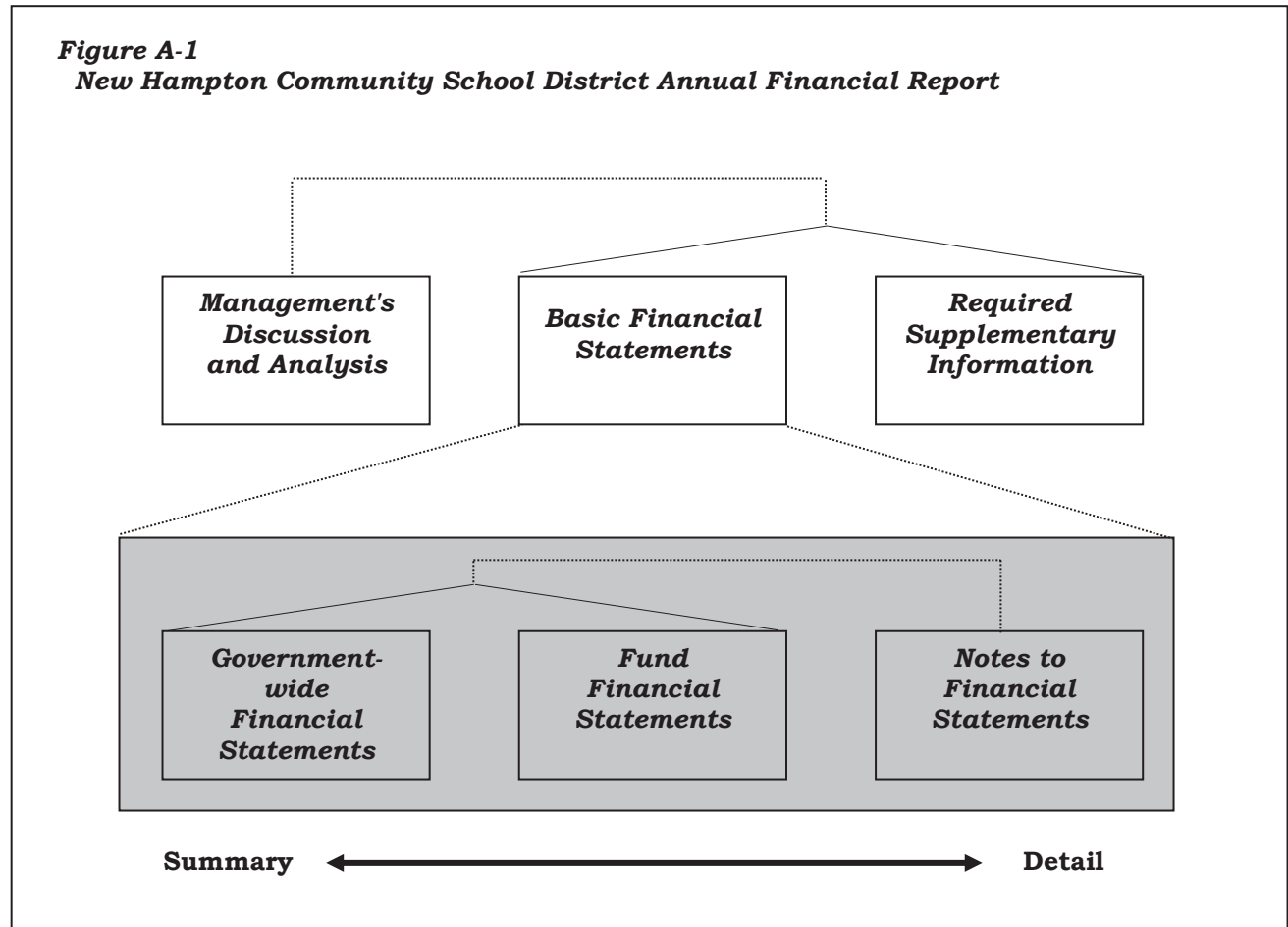


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-Wide and Fund Financial Statements

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities, but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund. The District's Internal Service Fund, another type of proprietary fund, is the same as the governmental activities, but provides more detail and additional information, such as cash flows. The District currently has one Internal Service Fund accounting for the District's flex benefits program.

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

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Custodial Funds.
 - Custodial Funds - These are funds through which the District administers and accounts for certain monies on behalf of other entities.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2021 compared to June 30, 2020.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2021	2020	June 30, 2021	2020	June 30, 2021	2020	June 30, 2020-21
Current and other assets	\$ 13,408,601	13,120,022	262,346	152,455	13,670,947	13,272,477	3.00%
Capital assets	22,339,411	23,893,523	31,435	27,107	22,370,846	23,920,630	-6.48%
Total assets	<u>35,748,012</u>	<u>37,013,545</u>	<u>293,781</u>	<u>179,562</u>	<u>36,041,793</u>	<u>37,193,107</u>	<u>-3.10%</u>
Deferred outflows of resources	<u>2,134,375</u>	<u>2,342,196</u>	<u>59,886</u>	<u>63,737</u>	<u>2,194,261</u>	<u>2,405,933</u>	<u>-8.80%</u>
Long-term liabilities	25,124,986	25,879,390	199,905	185,938	25,324,891	26,065,328	-2.84%
Other liabilities	1,354,543	1,549,874	45,546	42,877	1,400,089	1,592,751	-12.10%
Total liabilities	<u>26,479,529</u>	<u>27,429,264</u>	<u>245,451</u>	<u>228,815</u>	<u>26,724,980</u>	<u>27,658,079</u>	<u>-3.37%</u>
Deferred inflows of resources	<u>6,932,479</u>	<u>7,036,713</u>	<u>28,006</u>	<u>35,970</u>	<u>6,960,485</u>	<u>7,072,683</u>	<u>-1.59%</u>
Net position:							
Net investment in capital assets	4,344,411	4,828,523	31,435	27,107	4,375,846	4,855,630	-9.88%
Restricted	2,589,670	2,493,765	-	-	2,589,670	2,493,765	3.85%
Unrestricted	(2,463,702)	(2,432,524)	48,775	(48,593)	(2,414,927)	(2,481,117)	2.67%
Total net position	<u>\$ 4,470,379</u>	<u>4,889,764</u>	<u>80,210</u>	<u>(21,486)</u>	<u>4,550,589</u>	<u>4,868,278</u>	<u>-6.53%</u>

The District's total net position decreased 6.53%, or \$317,689, from the prior year.

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

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$95,905, or 3.85%, from the prior year. The increase in restricted net position is mainly due to increases in amounts restricted for management levy purposes and school infrastructure compared to the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased \$66,190, or 2.67%. This increase in unrestricted net position was mainly due to the increase in the District's unassigned General Fund balance compared to the prior year.

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

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2021	2020	2021	2020	2021	2020	2020-21
Revenues:							
Program revenues:							
Charges for service	\$ 1,126,965	1,092,939	81,664	189,548	1,208,629	1,282,487	-5.76%
Operating grants, contributions and restricted interest	1,711,486	1,178,226	631,002	300,534	2,342,488	1,478,760	58.41%
Capital grants, contributions and restricted interest	25,000	161,817	-	-	25,000	161,817	-84.55%
General revenues:							
Property tax	5,761,616	5,983,791	-	-	5,761,616	5,983,791	-3.71%
Income surtax	575,508	529,759	-	-	575,508	529,759	8.64%
Statewide sales, services and use tax	914,306	975,254	-	-	914,306	975,254	-6.25%
Unrestricted state grants	4,777,985	4,859,000	-	-	4,777,985	4,859,000	-1.67%
Unrestricted investment earnings	16,583	102,871	947	1,168	17,530	104,039	-83.15%
Other	29,386	21,765	2,117	5,930	31,503	27,695	13.75%
Total revenues	14,938,835	14,905,422	715,730	497,180	15,654,565	15,402,602	1.64%
Program expenses:							
Instruction	8,970,798	8,625,279	-	-	8,970,798	8,625,279	4.01%
Support services	3,746,793	4,138,581	-	105	3,746,793	4,138,686	-9.47%
Non-instructional programs	-	-	614,034	546,618	614,034	546,618	12.33%
Other expenses	2,640,629	2,662,121	-	-	2,640,629	2,662,121	-0.81%
Total expenses	15,358,220	15,425,981	614,034	546,723	15,972,254	15,972,704	-0.00%
Excess (Deficiency) of revenues over (under) expenses	(419,385)	(520,559)	101,696	(49,543)	(317,689)	(570,102)	-44.28%
Transfers	-	(9,083)	-	9,083	-	-	0.00%
Change in net position	(419,385)	(529,642)	101,696	(40,460)	(317,689)	(570,102)	-44.28%
Net position beginning of year	4,889,764	5,419,406	(21,486)	18,974	4,868,278	5,438,380	-10.48%
Net position end of year	\$ 4,470,379	4,889,764	80,210	(21,486)	4,550,589	4,868,278	-6.53%

In fiscal year 2021, local property tax, statewide sales, service and use tax and unrestricted state grants accounted for 79.29% of governmental activities revenues while charges for services and operating grants and contributions accounted for 99.57% of business type activities revenues.

The District's total revenues were approximately \$15.65 million, of which approximately \$14.94 million was for governmental activities and approximately \$0.71 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.64% increase in total revenues and a \$450 decrease in total expenses.

Governmental Activities

Revenues for governmental activities were \$14,938,835 and expenses were \$15,358,220 for the year ended June 30, 2021.

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

	Total Cost of Services			Net Cost of Services		
	2021	2020	Change 2020-21	2021	2020	Change 2020-21
Instruction	\$ 8,970,798	8,625,279	4.01%	6,776,355	6,877,335	-1.47%
Support services	3,746,793	4,138,581	-9.47%	3,520,510	3,895,840	-9.63%
Other expenses	2,640,629	2,662,121	-0.81%	2,197,904	2,219,824	-0.99%
Total	<u>\$ 15,358,220</u>	<u>15,425,981</u>	<u>-0.44%</u>	<u>12,494,769</u>	<u>12,992,999</u>	<u>-3.83%</u>

For the year ended June 30, 2021:

- The cost financed by users of the District's programs was \$1,126,965.
- Federal and state governments along with contributions from local sources subsidized certain projects and programs with grants and contributions totaling \$1,736,486.
- The net cost of governmental activities was financed with \$5,761,616 in property tax, \$575,508 in income surtax, \$914,306 in statewide sales, services and use tax, \$4,777,985 in unrestricted state grants, \$16,583 in interest income and \$29,386 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$715,730 and expenses were \$614,034. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

As previously noted, New Hampton 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 \$5,606,105, above last year's ending combined fund balances of \$5,369,769. The increase in combined fund balances is largely due to the increase in the Capital Projects: Statewide Sales, Services and Use Tax Fund balance.

Governmental Fund Highlights

- The General Fund financial position is a product of many factors. The General Fund balance increased from \$2,855,016 at June 30, 2020 to \$3,011,827 at June 30, 2021. An increase in federal grant revenues was the primary reason for an increase in total revenues compared to the prior year. Total expenditures increased as well mainly due to increased costs for regular and other instruction.
- The Capital Projects Fund balance increased from \$1,103,277 at June 30, 2020 to \$1,181,158 at June 30, 2021.
- The Debt Service Fund balance decreased from \$664,913 at June 30, 2020 to \$512,736 at June 30, 2021. Property tax revenues and principal payments increased comparatively. A decrease in other financing sources compared to the prior year contributed to the decrease in fund balance.

Proprietary Fund Highlights

The Proprietary, School Nutrition Fund net position improved from deficit \$21,486 at June 30, 2020 to \$80,210 at June 30, 2021. Total revenues and other financing sources increased 41.38% while total expenses increased only 12.31% causing the significant improvement in fund net position compared to the prior year.

BUDGETARY HIGHLIGHTS

Over the course of the year, New Hampton Community School District amended its budget one time reflecting additional expenditures associated with the pandemic.

The District's total revenues were \$525,220 more than total budgeted revenues, a variance of 3.48%. The most significant variance resulted from the District receiving more from federal sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is not the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District's budget is developed utilizing realistic projections of revenues and expenditures. The District then manages or controls the General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, expenditures exceeded the amounts budgeted in the non-instructional programs function.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had invested \$22,370,846, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$1,856,966.

The original cost of the District's capital assets was approximately \$38.48 million. Governmental funds accounted for approximately \$38.36 million with the remainder of approximately \$0.12 million in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings, net of accumulated depreciation, totaled \$20,771,121 at June 30, 2021, compared to \$22,196,029 reported at June 30, 2020. This decrease was primarily due to fiscal year 2021 depreciation expense.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2021	2020	2021	2020	2021	2020	2020-21
Land	\$ 463,720	463,720	-	-	463,720	463,720	0.00%
Buildings	20,771,121	22,196,029	-	-	20,771,121	22,196,029	-6.42%
Land improvements	382,197	401,484	-	-	382,197	401,484	-4.80%
Machinery and equipment	722,373	832,290	31,435	27,107	753,808	859,397	-12.29%
Total	<u>\$ 22,339,411</u>	<u>23,893,523</u>	<u>31,435</u>	<u>27,107</u>	<u>22,370,846</u>	<u>23,920,630</u>	<u>-6.48%</u>

Long-Term Debt

At June 30, 2021, the District had \$17,995,000 of total long-term debt outstanding. This represents a decrease of 5.61% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District had outstanding general obligation bonded indebtedness of \$16,545,000 at June 30, 2021.

The District had outstanding revenue bonded indebtedness of \$1,450,000 at June 30, 2021, payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District.

	Figure A-7		
	Outstanding Long-Term Obligations		
	Total District		Total Change
	June 30,		June 30,
	2021	2020	2020-21
General obligation bonds	\$ 16,545,000	17,430,000	-5.08%
Revenue bonds	1,450,000	1,635,000	-11.31%
Total	<u>\$ 17,995,000</u>	<u>19,065,000</u>	<u>-5.61%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The Iowa school funding formula is highly dependent upon student enrollment. Current and projected declines in enrollment will continue to negatively impact the District's revenues while costs are expected to increase.

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 Christy Roethler, Board Secretary/Treasurer and School Business Official, New Hampton Community School District, 710 West Main Street, New Hampton, Iowa, 50659.



NEW HAMPTON
COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 6,163,832	186,210	6,350,042
Receivables:			
Property tax:			
Delinquent	47,410	-	47,410
Succeeding year	5,912,956	-	5,912,956
Income surtax	533,438	-	533,438
Accounts	1,685	279	1,964
Due from other governments	749,280	62,963	812,243
Inventories	-	12,894	12,894
Capital assets not being depreciated:			
Land	463,720	-	463,720
Capital assets, net of accumulated depreciation:			
Buildings and land improvements and machinery and equipment	21,875,691	31,435	21,907,126
Total assets	35,748,012	293,781	36,041,793
Deferred Outflows of Resources			
Pension related deferred outflows	2,065,277	57,254	2,122,531
OPEB related deferred outflows	69,098	2,632	71,730
Total deferred outflows of resources	2,134,375	59,886	2,194,261
Liabilities			
Accounts payable	120,121	5,135	125,256
Salaries and benefits payable	1,192,241	15,889	1,208,130
Accrued interest payable	42,181	-	42,181
Unearned revenue	-	24,522	24,522
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	770,000	-	770,000
Revenue bonds	190,000	-	190,000
Termination benefits payable	71,910	-	71,910
Portion due after one year:			
General obligation bonds	15,775,000	-	15,775,000
Revenue bonds	1,260,000	-	1,260,000
Termination benefits payable	57,780	-	57,780
Net pension liability	6,140,977	167,166	6,308,143
Total OPEB liability	859,319	32,739	892,058
Total liabilities	26,479,529	245,451	26,724,980
Deferred Inflows of Resources			
Unavailable property tax revenue	5,912,956	-	5,912,956
Pension related deferred inflows	986,491	26,853	1,013,344
OPEB related deferred inflows	33,032	1,153	34,185
Total deferred inflows of resources	6,932,479	28,006	6,960,485
Net Position			
Net investment in capital assets	4,344,411	31,435	4,375,846
Restricted for:			
Categorical funding	166,804	-	-
Debt service	470,555	-	-
Management levy purposes	588,273	-	-
Student activities	182,880	-	-
School infrastructure	1,058,808	-	-
Physical plant and equipment	122,350	-	-
Unrestricted	(2,463,702)	48,775	174,743
Total net position	\$ 4,470,379	80,210	4,550,589

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 5,344,782	606,733	445,045	-	(4,293,004)	-	(4,293,004)
Special	1,005,972	57,598	178,422	-	(769,952)	-	(769,952)
Other	2,620,044	462,634	444,011	-	(1,713,399)	-	(1,713,399)
	<u>8,970,798</u>	<u>1,126,965</u>	<u>1,067,478</u>	<u>-</u>	<u>(6,776,355)</u>	<u>-</u>	<u>(6,776,355)</u>
Support services:							
Student	140,264	-	-	-	(140,264)	-	(140,264)
Instructional staff	585,799	-	3,281	-	(582,518)	-	(582,518)
Administration	1,254,531	-	-	-	(1,254,531)	-	(1,254,531)
Operation and maintenance of plant	1,358,029	-	86,958	25,000	(1,246,071)	-	(1,246,071)
Transportation	408,170	-	111,044	-	(297,126)	-	(297,126)
	<u>3,746,793</u>	<u>-</u>	<u>201,283</u>	<u>25,000</u>	<u>(3,520,510)</u>	<u>-</u>	<u>(3,520,510)</u>
Long-term debt interest	575,664	-	-	-	(575,664)	-	(575,664)
Other expenditures:							
AEA flowthrough	442,725	-	442,725	-	-	-	-
Depreciation (unallocated)*	1,622,240	-	-	-	(1,622,240)	-	(1,622,240)
	<u>2,064,965</u>	<u>-</u>	<u>442,725</u>	<u>-</u>	<u>(1,622,240)</u>	<u>-</u>	<u>(1,622,240)</u>
Total governmental activities	<u>15,358,220</u>	<u>1,126,965</u>	<u>1,711,486</u>	<u>25,000</u>	<u>(12,494,769)</u>	<u>-</u>	<u>(12,494,769)</u>
Business type activities:							
Non-instructional programs:							
Food service operations	614,034	81,664	631,002	-	-	98,632	98,632
Total	<u>\$ 15,972,254</u>	<u>1,208,629</u>	<u>2,342,488</u>	<u>25,000</u>	<u>(12,494,769)</u>	<u>98,632</u>	<u>(12,396,137)</u>
General Revenues:							
Property tax levied for:							
General purposes				\$ 4,606,783	-		4,606,783
Debt service				982,209	-		982,209
Capital outlay				172,624	-		172,624
Income surtax				575,508	-		575,508
Statewide sales, services and use tax				914,306	-		914,306
Unrestricted state grants				4,777,985	-		4,777,985
Unrestricted investment earnings				16,583	947		17,530
Other				29,386	2,117		31,503
Total general revenues				<u>12,075,384</u>	<u>3,064</u>		<u>12,078,448</u>
Change in net position				(419,385)	101,696		(317,689)
Net position beginning of year				4,889,764	(21,486)		4,868,278
Net position end of year				<u>\$ 4,470,379</u>	<u>80,210</u>		<u>4,550,589</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 3,641,144	1,079,605	504,433	894,910	6,120,092
Receivables:					
Property tax:					
Delinquent	34,127	1,474	8,303	3,506	47,410
Succeeding year	4,198,196	178,587	1,111,171	425,002	5,912,956
Income surtax	533,438	-	-	-	533,438
Accounts	1,282	-	-	403	1,685
Due from other funds	-	48,102	-	15,458	63,560
Due from other governments	672,808	76,472	-	-	749,280
Total assets	\$ 9,080,995	1,384,240	1,623,907	1,339,279	13,428,421
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Due to other funds	\$ 63,560	-	-	-	63,560
Accounts payable	92,763	24,495	-	2,863	120,121
Salaries and benefits payable	1,181,211	-	-	11,030	1,192,241
Total liabilities	1,337,534	24,495	-	13,893	1,375,922
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	4,198,196	178,587	1,111,171	425,002	5,912,956
Income surtax	533,438	-	-	-	533,438
Total deferred inflows of resources	4,731,634	178,587	1,111,171	425,002	6,446,394
Fund balances:					
Restricted for:					
Categorical funding	166,804	-	-	-	166,804
Debt service	-	-	512,736	-	512,736
Management levy purposes	-	-	-	717,963	717,963
Student activities	-	-	-	182,880	182,880
School infrastructure	-	1,058,808	-	-	1,058,808
Physical plant and equipment	-	122,350	-	-	122,350
Unassigned:					
General	2,845,023	-	-	-	2,845,023
Student activities	-	-	-	(459)	(459)
Total fund balances	3,011,827	1,181,158	512,736	900,384	5,606,105
Total liabilities, deferred inflows of resources and fund balances	\$ 9,080,995	1,384,240	1,623,907	1,339,279	13,428,421

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds (page 20)	\$	5,606,105
 Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		22,339,411
Accounts receivable income surtax is not available to finance expenditures of the current year and, therefore, is recognized as deferred inflows of resources in the governmental funds.		533,438
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the government funds.		(42,181)
Blending of the Internal Service Fund to be reflected on an entity-wide basis.		43,740
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 2,134,375	
Deferred inflows of resources	<u>(1,019,523)</u>	1,114,852
Long-term liabilities, including general obligation bonds payable, revenue bonds payable, termination benefits payable, net pension liability and total OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(25,124,986)</u>
Net position of governmental activities (page 18)	\$	<u><u>4,470,379</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 4,713,053	172,624	982,209	429,157	6,297,043
Tuition	709,402	-	-	-	709,402
Other	188,534	31,134	2,886	328,857	551,411
State sources	5,575,277	916,744	13,731	6,119	6,511,871
Federal sources	829,027	-	-	-	829,027
Total revenues	12,015,293	1,120,502	998,826	764,133	14,898,754
Expenditures:					
Current:					
Instruction:					
Regular	4,780,718	137,700	-	132,275	5,050,693
Special	1,452,239	-	-	-	1,452,239
Other	1,909,386	-	-	310,143	2,219,529
	8,142,343	137,700	-	442,418	8,722,461
Support services:					
Student	115,980	9,020	-	-	125,000
Instructional staff	570,012	22,147	-	-	592,159
Administration	1,162,665	25,682	-	18,642	1,206,989
Operation and maintenance of plant	1,026,292	118,514	-	122,807	1,267,613
Transportation	383,007	2,316	-	41,903	427,226
	3,257,956	177,679	-	183,352	3,618,987
Capital outlay	-	232,210	-	-	232,210
Long-term debt:					
Principal	-	-	1,070,000	-	1,070,000
Interest and fiscal charges	-	-	577,201	-	577,201
	-	-	1,647,201	-	1,647,201
Other expenditures:					
AEA flowthrough	442,725	-	-	-	442,725
Total expenditures	11,843,024	547,589	1,647,201	625,770	14,663,584
Excess (Deficiency) of revenues over (under) expenditures	172,269	572,913	(648,375)	138,363	235,170
Other financing sources (uses):					
Insurance proceeds	-	1,166	-	-	1,166
Transfer in	-	-	496,198	15,458	511,656
Transfer out	(15,458)	(496,198)	-	-	(511,656)
Total other financing sources (uses)	(15,458)	(495,032)	496,198	15,458	1,166
Change in fund balances	156,811	77,881	(152,177)	153,821	236,336
Fund balances beginning of year	2,855,016	1,103,277	664,913	746,563	5,369,769
Fund balances end of year	\$ 3,011,827	1,181,158	512,736	900,384	5,606,105

SEE NOTES TO FINANCIAL STATEMENTS.

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

Change in fund balances - total governmental funds (page 22) \$ 236,336

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

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

Capital outlay	\$ 298,407	
Depreciation expense	<u>(1,852,519)</u>	(1,554,112)

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.	40,081
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Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in Statement of Net Position.	1,070,000
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	1,537
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Net change in the Internal Service Fund charged back against expenditures made for self-funded insurance on an entity-wide basis.	(1,416)
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The current year District IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.	652,465
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Termination benefits	75,281	
Pension expense	(911,894)	
Total OPEB liability and related expenses	<u>(27,663)</u>	<u>(864,276)</u>

Change in net position of governmental activities (page 19) \$ (419,385)

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business Type Activities: Enterprise, School Nutrition	Governmental Activities: Internal Service
Assets		
Current assets:		
Cash and pooled investments	\$ 186,210	43,740
Accounts receivable	279	-
Due from other governments	62,963	-
Inventories	12,894	-
Total current assets	262,346	43,740
Noncurrent assets:		
Capital assets, net of accumulated depreciation	31,435	-
Total assets	293,781	43,740
Deferred Outflows of Resources		
Pension related deferred outflows	57,254	-
OPEB related deferred outflows	2,632	-
Total deferred outflows of resources	59,886	-
Liabilities		
Current liabilities:		
Accounts payable	5,135	-
Salaries and benefits payable	15,889	-
Unearned revenue	24,522	-
Total current liabilities	45,546	-
Noncurrent liabilities:		
Net pension liability	167,166	-
Total OPEB liability	32,739	-
Total noncurrent liabilities	199,905	-
Total liabilities	245,451	-
Deferred Inflows of Resources		
Pension related deferred inflows	26,853	-
OPEB related deferred inflows	1,153	-
Total deferred inflows of resources	28,006	-
Net Position		
Net investment in capital assets	31,435	-
Unrestricted	48,775	43,740
Total net position	\$ 80,210	43,740

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities:	Governmental Activities:
	Enterprise, School Nutrition	Internal Service
Operating revenues:		
Local sources:		
Charges for service	\$ 81,664	54,447
Miscellaneous	2,117	-
Total operating revenues	<u>83,781</u>	<u>54,447</u>
Operating expenses:		
Support services:		
Administration:		
Benefits	-	56,054
Non-instructional programs:		
Food service operations:		
Salaries	205,950	-
Benefits	86,143	-
Services	4,131	-
Supplies	313,363	-
Depreciation	4,447	-
Total operating expenses	<u>614,034</u>	<u>56,054</u>
Operating loss	<u>(530,253)</u>	<u>(1,607)</u>
Non-operating revenues:		
State sources	5,569	-
Federal sources	625,433	-
Interest income	947	191
Total non-operating revenues	<u>631,949</u>	<u>191</u>
Change in net position	101,696	(1,416)
Net position beginning of year	<u>(21,486)</u>	<u>45,156</u>
Net position end of year	<u>\$ 80,210</u>	<u>43,740</u>

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	Business Type Activities: Enterprise, School Nutrition	Governmental Activities: Internal Service
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 85,503	-
Cash received from miscellaneous	2,117	54,447
Cash payments to employees for services	(287,415)	(56,054)
Cash payments to suppliers for goods or services	(281,331)	-
Net cash used in operating activities	<u>(481,126)</u>	<u>(1,607)</u>
Cash flows from non-capital financing activities:		
State grants received	4,669	-
Federal grants received	542,182	-
Net cash provided by non-capital financing activities	<u>546,851</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	<u>(8,775)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>947</u>	<u>191</u>
Net increase (decrease) in cash and pooled investments	57,897	(1,416)
Cash and pooled investments beginning of year	<u>128,313</u>	<u>45,156</u>
Cash and pooled investments end of year	<u>\$ 186,210</u>	<u>43,740</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (530,253)	(1,607)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Commodities consumed	21,188	-
Depreciation	4,447	-
Change in assets and liabilities:		
Inventories	9,840	-
Accounts receivable	1,129	-
Accounts payable	5,135	-
Salaries and benefits payable	(5,176)	-
Net pension liability	12,984	-
Deferred outflows of resources	3,851	-
Deferred inflows of resources	(7,964)	-
Unearned revenue	2,710	-
Total OPEB liability	983	-
Net cash used in operating activities	<u>\$ (481,126)</u>	<u>(1,607)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2021, the District received \$21,188 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2021

	<u>Custodial</u>
Assets	
Cash and pooled investments	\$ 9,500
Liabilities	<u>-</u>
Net Position	
Restricted for other organizations	<u>\$ 9,500</u>

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2021

	Custodial
Additions:	
Local sources:	
Gifts and contributions	\$ 17,437
Deductions:	
Supplies	11,892
Change in net position	5,545
Net position beginning of year, as restated	3,955
Net position end of year	\$ 9,500

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(1) Summary of Significant Accounting Policies

New Hampton 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 Hampton, Iowa, and the predominate agricultural territory in Howard and Chickasaw Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

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

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

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

The District reports the following nonmajor proprietary funds:

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

The Internal Service Fund is used to account for the District's flex benefit program.

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

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

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under 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.

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

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

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

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

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

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

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

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

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

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

Capital Assets - Capital assets, which include property, machinery and equipment and intangibles acquired after July 1, 1980 are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost

if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 500
Buildings	500
Land improvements	500
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5 to 12 years

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

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

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

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

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

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2021, expenditures exceeded the amounts budgeted in the non-instructional programs function.

(2) Cash and Pooled Investments

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

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

(3) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 496,198
Student Activity	General	15,458
Total		<u>\$ 511,656</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was for principal and interest payments on the District's revenue bonded indebtedness an general obligation debt relief.

The transfer from the General Fund to the Student Activity Fund was for COVID-related losses.

(4) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects: Construction	General	\$ 48,102
Student Activity	General	15,458
Total		<u>\$ 63,560</u>

The General Fund owes the Capital Projects: Construction Fund for a reimbursement incorrectly recorded in a prior year.

The General Fund owes the Student Activity Fund a portion of grant proceeds intended to replace COVID-related losses which were not determined before year end.

(5) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 463,720	-	-	463,720
Capital assets being depreciated:				
Buildings	30,605,093	146,665	-	30,751,758
Land improvements	1,221,427	31,380	-	1,252,807
Machinery and equipment	5,765,842	120,362	-	5,886,204
Total capital assets being depreciated	37,592,362	298,407	-	37,890,769
Less accumulated depreciation for:				
Buildings	8,409,064	1,571,573	-	9,980,637
Land improvements	819,943	50,667	-	870,610
Machinery and equipment	4,933,552	230,279	-	5,163,831
Total accumulated depreciation	14,162,559	1,852,519	-	16,015,078
Total capital assets being depreciated, net	23,429,803	(1,554,112)	-	21,875,691
Governmental activities capital assets, net	\$ 23,893,523	(1,554,112)	-	22,339,411
Business type activities:				
Machinery and equipment	\$ 115,557	8,775	-	124,332
Less accumulated depreciation	88,450	4,447	-	92,897
Business type activities capital assets, net	\$ 27,107	4,328	-	31,435

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 62,056
Special	3,532
Other	21,896
Support services:	
Administration	9,867
Operation and maintenance of plant	26,543
Transportation	106,385
	230,279
Unallocated depreciation	1,622,240
Total governmental activities depreciation expense	<u>\$ 1,852,519</u>
Business type activities:	
Food service operations	<u>\$ 4,447</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 17,430,000	-	885,000	16,545,000	770,000
Revenue bonds	1,635,000	-	185,000	1,450,000	190,000
Termination benefits	204,971	-	75,281	129,690	71,910
Net pension liability	5,775,884	365,093	-	6,140,977	-
Total OPEB liability	833,535	25,784	-	859,319	-
Total	<u>\$ 25,879,390</u>	<u>390,877</u>	<u>1,145,281</u>	<u>25,124,986</u>	<u>1,031,910</u>
Business type activities:					
Net pension liability	\$ 154,182	12,984	-	167,166	-
Total OPEB liability	31,756	983	-	32,739	-
Total	<u>\$ 185,938</u>	<u>13,967</u>	<u>-</u>	<u>199,905</u>	<u>-</u>

General Obligation Bonds

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

Year Ending June 30,	Bonds issued June 1, 2017			Bonds issued June 6, 2018			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2022	2.00	% \$ 420,000	236,252	3.00	% \$ 350,000	269,920	770,000	506,172	1,276,172
2023	2.00	430,000	227,851	3.00	360,000	259,420	790,000	487,271	1,277,271
2024	2.00	440,000	219,251	3.00	375,000	248,620	815,000	467,871	1,282,871
2025	2.25	455,000	210,451	3.00	380,000	237,370	835,000	447,821	1,282,821
2026	2.50	470,000	200,214	3.00	390,000	225,970	860,000	426,184	1,286,184
2027-2031	2.50-3.00	2,550,000	803,419	3.00-3.13	2,135,000	946,860	4,685,000	1,750,279	6,435,279
2032-2036	3.00-3.40	2,935,000	397,694	3.13-3.50	2,555,000	586,624	5,490,000	984,318	6,474,318
2037-2038	3.40	635,000	21,590	3.50-3.60	1,665,000	108,510	2,300,000	130,100	2,430,100
Total		<u>\$ 8,335,000</u>	<u>2,316,722</u>		<u>\$ 8,210,000</u>	<u>2,883,294</u>	<u>16,545,000</u>	<u>5,200,016</u>	<u>21,745,016</u>

The District issued \$10,000,000 of general obligation bonds on June 1, 2017 and another \$9,415,000 on June 6, 2018 to finance several District infrastructure projects including the Middle School and Vocational Tech addition projects. During the year ended June 30, 2021, total principal and interest paid on the bonds was \$750,000 and \$524,621, respectively, and an additional \$135,000 of the Series 2018 bonds were defeased in substance.

During the year ended June 30, 2021, the District collected \$135,000 of additional debt service levy to advance refund a portion of the Series 2018 general obligation bonds. The surplus levy has been placed in an irrevocable escrow account and has been invested in U.S. Government obligations which have been certified to be sufficient to pay \$135,000 in principal originally maturing June 1, 2038 when the bonds become callable on June 1, 2024. The interest cost savings to be provided by the surplus levy is \$68,040.

As a result, \$135,000 of the general obligation bonds issued June 6, 2018 are considered defeased in substance and the corresponding liability for those bonds has been removed from the appropriate financial statements and schedules.

The District remains contingently liable in the remote possibility the escrow account is insufficient to repay the refunded bonds at the call date. As of June 30, 2021, \$135,000 of such bonds are outstanding.

During the year ended June 30, 2021, as part of its budgeting process the District approved an additional debt service levy of \$180,000 to be collected in fiscal year 2022. The District has also pledged \$65,000 of statewide sales, services and use tax revenue in addition to the surplus levy to be used to advance refund \$245,000 in principal originally maturing June 1, 2038 of the general obligation bonds issued June 1, 2018. The anticipated interest cost savings provided by the fiscal year 2022 surplus levy and general obligation debt relief is \$123,480.

Revenue Bonds

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

Year Ending June 30,	Refunding bonds issued August 8, 2013				
	Interest Rate	Principal	Interest	Total	
2022	2.60	% \$ 190,000	43,490	233,490	
2023	2.80	195,000	38,550	233,550	
2024	2.90	200,000	33,090	233,090	
2025	3.00	205,000	27,290	232,290	
2026	3.10	210,000	21,140	231,140	
2027-2028	3.20-3.30	450,000	22,220	472,220	
Total		\$ 1,450,000	185,780	1,635,780	

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,840,000 of bonds issued in August 2013. The bonds were issued for the purpose of refunding the remaining portion of Series 2008 revenue bonds. 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 2028. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 26% of the statewide sales, services and use tax revenues. Total principal and interest remaining to be paid on the bonds is \$1,635,780. For the current year, principal of \$185,000 and interest of \$47,930 was paid on the bonds and total statewide sales, services and use tax revenues were \$914,306.

The resolution providing for the issuance of the statewide sales, services and use tax revenues bonds requires the District to set aside each month an amount equal to 1/6 of the upcoming bi-annual interest payments and 1/12 of the upcoming annual principal payments.

Termination Benefits (Early Retirement)

The District did not offer a voluntary early retirement plan for employees during fiscal year 2021. However, the District had remaining commitments from early retirement plans offered on occasion in previous years. Five participants from a 2014 offering are receiving District paid (\$700 max.) single coverage for continued participation in the District's health insurance plan until Medicare eligibility. In addition, two participants from a 2017 offering and four participants from a 2018 offering are receiving \$500/month deposited into an HRA for five years or until age 65, whichever occurs first.

At June 30, 2021, the District had obligations to eleven individuals with a total liability of \$129,690. Actual early retirement expenditures for the year ended June 30, 2021 totaled \$75,281.

(7) Pension Plan

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

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

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

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

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

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2021 were \$671,260.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the District reported a liability of \$6,308,143 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the District's proportion was 0.089799%, which was a decrease of 0.012609% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$939,593. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,969	149,519
Changes of assumptions	323,795	-
Net difference between projected and actual earnings on IPERS' investments	354,618	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	765,889	863,825
District contributions subsequent to the measurement date	671,260	-
Total	<u>\$ 2,122,531</u>	<u>1,013,344</u>

\$671,260 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2022	\$ 65,017
2023	85,706
2024	167,133
2025	183,079
2026	<u>(63,008)</u>
Total	<u>\$ 437,927</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

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

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 10,518,297	6,308,143	277,994

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

Payables to IPERS - At June 30, 2021, the District reported payables to IPERS of \$131,770 for legally required District contributions and \$87,800 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(8) Other Postemployment Benefits (OPEB)

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

OPEB Benefits - Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. As of June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	<u>152</u>
Total	<u><u>161</u></u>

Total OPEB Liability - The District's total OPEB liability of \$892,058 was measured as of June 30, 2021 and was determined by an actuarial valuation dated July 1, 2019 utilizing roll-forward procedures.

Actuarial Assumptions - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	3.00% per annum.
Rates of salary increase	3.25% per annum, including inflation.
Discount rate	3.50% compounded annually, including inflation.
Healthcare cost trend rate	7.25% for FY2021, decreasing to an ultimate rate of 5.00%.

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

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2019 generational projection of future mortality improvement. Annual retirement probabilities are based on probabilities used in the IPERS valuation.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 865,291
Changes for the year:	
Service cost	64,942
Interest	31,342
Benefit payments	<u>(69,517)</u>
Net changes	<u>26,767</u>
Total OPEB liability end of year	<u><u>\$ 892,058</u></u>

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate 1% lower (2.50%) or 1% higher (4.50%) than the current discount rate.

	<u>1%</u>	<u>Discount</u>	<u>1%</u>
	<u>Decrease</u>	<u>Rate</u>	<u>Increase</u>
	<u>(2.50%)</u>	<u>(3.50%)</u>	<u>(4.50%)</u>
Total OPEB liability	\$ 958,810	892,058	830,693

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates 1% lower (6.25%) or 1% higher (8.25%) than the current healthcare cost trend rates.

	1% Decrease (6.25%)	Healthcare Cost Trend Rate (7.25%)	1% Increase (8.25%)
Total OPEB liability	\$ 811,553	892,058	987,801

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2021, the District recognized OPEB expense of \$98,236. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 68,890	5,605
Changes in assumptions	2,840	28,580
Total	<u>\$ 71,730</u>	<u>34,185</u>

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

Year Ended June 30,	Amount
2022	\$ 1,952
2023	1,952
2024	1,952
2025	1,952
2026	1,952
Thereafter	27,679
Total	<u>\$ 37,439</u>

(9) Risk Management

New Hampton Community School District is a member in the Northeast Iowa Schools Insurance Trust, an Iowa Code Chapter 28E organization. The Northeast Iowa Schools Insurance Trust (NEIST) is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. NEIST was formed July 1999 for the purpose of managing and funding employee benefits. NEIST provides coverage and protection in the following categories: medical, dental, long-term disability, and life insurance.

Each member's contributions to NEIST funds current operations and provides capital. Annual operating contributions are those amounts necessary to fund, on a GAAP basis, NEIST's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to NEIST for the year ended June 30, 2021 were \$1,362,837.

Payments from participating members are the sole source for paying claims and establishing reserves for the NEIST self-funded programs. Stop loss insurance is purchased by NEIST to protect against large claims but the potential exists for claims to exceed the premium payments made by members into the program. In the event that claims exceed premiums and reserves, an assessment may be necessary to pay claims and replenish reserves in the program.

The District does not report a liability for losses in excess of stop loss insurance unless it is deemed probable that such losses have occurred and the amount of such a loss can be reasonably estimated. Accordingly, at June 30, 2021, no liability has been recorded in the District's financial statements. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance company coverage.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior written notice may withdraw. NEIST will pay claims incurred before the termination date.

New Hampton Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Categorical Funding

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

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2021.

Program	Amount
At-Risk Programs	\$ 28,918
Gifted and Talented Programs	50,195
Iowa Early Intervention Block Grant	51,460
Textbook Aid for Nonpublic Students	4,389
Successful Progression for Early Readers	23,605
Professional Development System for Statewide Early Childhood System	1,029
Teacher Development Academies	1,474
Professional Development	5,734
Total	<u>\$ 166,804</u>

(11) Reconciliation of Governmental Fund Balances to Net Position

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

	Net investment in Capital Assets	Debt Service	Management Levy	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	512,736	717,963	2,845,023
Capital assets, net of accumulated depreciation	22,339,411	-	-	-
General obligation bond capitalized indebtedness	(16,545,000)	-	-	-
Revenue bond capitalized indebtedness	(1,450,000)	-	-	-
Accrued interest payable	-	(42,181)	-	-
Income surtax	-	-	-	533,438
Termination benefits	-	-	(129,690)	-
Internal Service Fund balance	-	-	-	43,740
Pension related deferred outflows	-	-	-	2,065,277
Pension related deferred inflows	-	-	-	(986,491)
Net pension liability	-	-	-	(6,140,977)
Total OPEB liability	-	-	-	(859,319)
OPEB related deferred outflows	-	-	-	69,098
OPEB related deferred inflows	-	-	-	(33,032)
Unassigned fund balance	-	-	-	(459)
Net position (Exhibit A)	<u>\$ 4,344,411</u>	<u>470,555</u>	<u>588,273</u>	<u>(2,463,702)</u>

(12) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$442,297 for the year ended June 30, 2021 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(13) Tax Abatements

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

Tax Abatements of Other Entities

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

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of New Hampton	Urban Renewal and Economic Development Projects	\$ 77,983

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2021, this reimbursement amounted to \$46,617.

(14) Prospective Accounting Change

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

(15) Budget Overexpenditure

Per Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2021, District expenditures exceeded the amounts budgeted in the non-instructional programs function.

(16) COVID-19

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

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

(17) Deficit Unassigned Fund Balance

At June 30, 2021, the District had 2 individual Student Activity Fund accounts with deficit unassigned fund balances totaling \$459.

(18) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity. Beginning net position for fiduciary funds was restated to retroactively report the change in net position, as follows:

	<u>Fiduciary Activities</u>
Net position June 30, 2020, as previously reported	\$ -
Change to implement GASBS No. 84	<u>3,955</u>
Net position July 1, 2020, as restated	<u>\$ 3,955</u>

REQUIRED SUPPLEMENTARY INFORMATION

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES
 AND CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2021

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Fund Actual		Original	Final	
Revenues:						
Local sources	\$ 7,557,856	84,728	7,642,584	8,058,989	8,058,989	(416,405)
State sources	6,511,871	5,569	6,517,440	6,375,432	6,375,432	142,008
Federal sources	829,027	625,433	1,454,460	654,843	654,843	799,617
Total revenues	<u>14,898,754</u>	<u>715,730</u>	<u>15,614,484</u>	<u>15,089,264</u>	<u>15,089,264</u>	<u>525,220</u>
Expenditures/Expenses:						
Instruction	8,722,461	-	8,722,461	9,605,254	9,605,254	882,793
Support services	3,618,987	-	3,618,987	4,427,799	4,427,799	808,812
Non-instructional programs	-	614,034	614,034	505,639	505,639	(108,395)
Other expenditures	2,322,136	-	2,322,136	2,514,120	2,711,260	389,124
Total expenditures/expenses	<u>14,663,584</u>	<u>614,034</u>	<u>15,277,618</u>	<u>17,052,812</u>	<u>17,249,952</u>	<u>1,972,334</u>
Excess (Deficiency) of revenues over (under) expenditures/expenses	235,170	101,696	336,866	(1,963,548)	(2,160,688)	2,497,554
Other financing sources, net	1,166	-	1,166	-	-	1,166
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	236,336	101,696	338,032	(1,963,548)	(2,160,688)	2,498,720
Balances beginning of year	<u>5,369,769</u>	<u>(21,486)</u>	<u>5,348,283</u>	<u>5,625,351</u>	<u>5,625,351</u>	<u>(277,068)</u>
Balances end of year	<u>\$ 5,606,105</u>	<u>80,210</u>	<u>5,686,315</u>	<u>3,661,803</u>	<u>3,464,663</u>	<u>2,221,652</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$197,140.

During the year ended June 30, 2021, expenditures in the non-instructional programs function exceed the amounts budgeted.

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

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.089799%	0.102408%	0.081623%	0.093576%	0.090771%	0.092339%	0.095281%
District's proportionate share of the net pension liability	\$ 6,308,143	5,930,066	5,165,282	6,233,335	5,712,532	4,562,011	3,778,764
District's covered payroll	\$ 7,126,629	7,793,602	6,134,706	6,984,986	6,514,093	6,326,088	6,232,909
District's proportionate share of the net pension liability as a percentage of its covered payroll	88.52%	76.09%	84.20%	89.24%	87.69%	72.11%	60.63%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 671,260	672,754	735,715	547,829	623,759	581,708	564,919	556,599	537,040	493,978
Contributions in relation to the statutorily required contribution	(671,260)	(672,754)	(735,715)	(547,829)	(623,759)	(581,708)	(564,919)	(556,599)	(537,040)	(493,978)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 7,110,799	7,126,629	7,793,602	6,134,706	6,984,986	6,514,093	6,326,088	6,232,909	6,194,233	6,121,165
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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

	2021	2020	2019	2018
Service cost	\$ 64,942	62,898	43,661	73,381
Interest cost	31,342	30,189	26,644	25,140
Differences between expected and actual experiences	-	83,094	-	-
Changes in assumptions	-	3,426	-	(36,154)
Benefit payments	(69,517)	(54,938)	(60,546)	(17,202)
Net change in total OPEB liability	26,767	124,669	9,759	45,165
Total OPEB liability beginning of year	865,291	740,622	730,863	796,180
Total OPEB liability end of year	<u>\$ 892,058</u>	<u>865,291</u>	<u>740,622</u>	<u>841,345</u>
Covered-employee payroll	\$ 6,949,113	6,730,376	6,514,571	6,573,311
Total OPEB liability as a percentage of covered-employee payroll	12.84%	12.86%	11.37%	12.80%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Reporting period ended June 30, 2021	3.50%
Reporting period ended June 30, 2020	3.50%
Reporting period ended June 30, 2019	3.58%
Reporting period ended June 30, 2018	3.56%
Reporting period ended June 30, 2017	2.92%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



NEW HAMPTON
COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 725,487	169,423	894,910
Receivables:			
Property tax:			
Delinquent	3,506	-	3,506
Succeeding year	425,002	-	425,002
Accounts	-	403	403
Due from other funds	-	15,458	15,458
Total assets	\$ 1,153,995	185,284	1,339,279
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	2,863	2,863
Salaries and benefits payable	11,030	-	11,030
Total liabilities	11,030	2,863	13,893
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property taxes	425,002	-	425,002
Fund balances:			
Restricted for:			
Management levy purposes	717,963	-	717,963
Student activities	-	182,880	182,880
Unassigned:			
Student activities	-	(459)	(459)
Total fund balances	717,963	182,421	900,384
Total liabilities, deferred inflows of resources and fund balances	\$ 1,153,995	185,284	1,339,279

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 429,157	-	429,157
Other	1,664	327,193	328,857
State sources	6,119	-	6,119
Total revenues	<u>436,940</u>	<u>327,193</u>	<u>764,133</u>
Expenditures:			
Current:			
Instruction:			
Regular	132,275	-	132,275
Other	-	310,143	310,143
Support services:			
Administration	18,642	-	18,642
Operation and maintenance of plant	122,807	-	122,807
Transportation	41,903	-	41,903
Total expenditures	<u>315,627</u>	<u>310,143</u>	<u>625,770</u>
Excess of revenues over expenditures	121,313	17,050	138,363
Other financing sources:			
Transfer in	-	15,458	15,458
Change in fund balances	121,313	32,508	153,821
Fund balances beginning of year	<u>596,650</u>	<u>149,913</u>	<u>746,563</u>
Fund balances end of year	<u>\$ 717,963</u>	<u>182,421</u>	<u>900,384</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND ACCOUNTS
JUNE 30, 2021

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Construction	Total
Assets				
Cash and pooled investments	\$ 938,700	140,905	-	1,079,605
Receivables:				
Property tax:				
Delinquent	-	1,474	-	1,474
Succeeding year	-	178,587	-	178,587
Due from other funds	-	-	48,102	48,102
Due from other governments	76,472	-	-	76,472
Total assets	\$ 1,015,172	320,966	48,102	1,384,240
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 4,466	20,029	-	24,495
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	178,587	-	178,587
Fund balances:				
Restricted for:				
School infrastructure	1,010,706	-	48,102	1,058,808
Physical plant and equipment	-	122,350	-	122,350
Total fund balances	1,010,706	122,350	48,102	1,181,158
Total liabilities, deferred inflows of resources and fund balances	\$ 1,015,172	320,966	48,102	1,384,240

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Construction	Total
Revenues:				
Local sources:				
Local tax	\$ -	172,624	-	172,624
Other	10,558	812	19,764	31,134
State sources	914,306	2,438	-	916,744
Total revenues	<u>924,864</u>	<u>175,874</u>	<u>19,764</u>	<u>1,120,502</u>
Expenditures:				
Current:				
Instruction:				
Regular	96,891	40,809	-	137,700
Support services:				
Student	-	9,020	-	9,020
Instructional staff	-	22,147	-	22,147
Administration	13,450	12,232	-	25,682
Operation and maintenance of plant	18,572	99,942	-	118,514
Transportation	2,316	-	-	2,316
Capital outlay	19,387	21,891	190,932	232,210
Total expenditures	<u>150,616</u>	<u>206,041</u>	<u>190,932</u>	<u>547,589</u>
Excess (Deficiency) of revenues over (under) expenditures	774,248	(30,167)	(171,168)	572,913
Other financing sources (uses):				
Insurance proceeds	-	1,166	-	1,166
Transfer out	(496,198)	-	-	(496,198)
Total other financing sources (uses)	<u>(496,198)</u>	<u>1,166</u>	<u>-</u>	<u>(495,032)</u>
Change in fund balances	278,050	(29,001)	(171,168)	77,881
Fund balances beginning of year	<u>732,656</u>	<u>151,351</u>	<u>219,270</u>	<u>1,103,277</u>
Fund balances end of year	<u>\$ 1,010,706</u>	<u>122,350</u>	<u>48,102</u>	<u>1,181,158</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2021

Account	Balance Beginning of Year	Revenues	Expenditures	Interfund Transfer	Balance End of Year
Drama	\$ 4,177	942	337	-	4,782
Speech	-	528	825	-	(297)
HS Vocal Music	-	419	581	-	(162)
HS Instrumental Music	2,475	246	684	-	2,037
MS Music	1,528	-	491	-	1,037
MS Musical	5,069	1,420	555	-	5,934
Swing Choir	262	170	-	-	432
HS Cheerleaders	4,011	10,421	7,070	-	7,362
Flags	3,342	-	-	-	3,342
Trapshooting	41,849	32,253	30,767	-	43,335
General Athletics	13,385	118,045	126,668	15,458	20,220
Sports Camps	22,890	48,314	40,248	-	30,956
GSA	38	-	-	-	38
National Honor Society	-	7,658	5,631	-	2,027
HS Annual	5,390	7,764	6,990	-	6,164
Art Club	1,263	-	-	-	1,263
AFS	4,097	1,571	3,387	-	2,281
FFA	1,912	42,570	39,263	-	5,219
SADD	2,867	-	-	-	2,867
Student Senate	3,681	5,746	4,755	-	4,672
Interact Rotary	292	-	-	-	292
Activity Tickets	-	8,110	8,110	-	-
Lettermen	9,087	10,410	9,369	-	10,128
Letterette	1,938	1,610	1,007	-	2,541
NEIC Athletic Directors	1,500	-	-	-	1,500
State Senate Vending	1,888	17,555	17,064	-	2,379
Miscellaneous	1,005	-	-	-	1,005
MS Annual	6,554	-	-	-	6,554
MS Business Club	1,099	-	-	-	1,099
MS Student Senate	3,528	-	-	-	3,528
Student Assistance	2,640	-	-	-	2,640
Dance Team	-	8,624	5,456	-	3,168
Class of 2021	1,903	-	459	-	1,444
Class of 2022	226	2,670	321	-	2,575
Class of 2023	17	-	-	-	17
Class of 2024	-	147	105	-	42
Total	\$ 149,913	327,193	310,143	15,458	182,421

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUND ACCOUNTS
 YEAR ENDED JUNE 30, 2021

Account	Net Position Beginning of Year	Additions	Deductions	Net Position End of Year
NEIC	\$ 1,334	10,581	10,141	1,774
Iowa Big North	2,621	6,856	1,751	7,726
Total	<u>\$ 3,955</u>	<u>17,437</u>	<u>11,892</u>	<u>9,500</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUNDS
 FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Local sources:										
Local tax	\$ 6,297,043	6,514,423	6,325,805	6,231,364	5,218,970	5,207,208	4,984,762	4,894,362	5,710,561	5,011,532
Tuition	709,402	541,300	568,043	464,355	606,375	402,188	357,263	341,325	316,320	368,233
Other	551,411	967,551	1,206,101	940,385	784,478	826,028	827,996	757,193	816,389	826,026
Intermediate sources	-	-	494	-	-	122	7,883	1,110	1,152	1,641
State sources	6,511,871	6,533,172	6,714,969	6,608,402	6,743,535	6,121,949	6,211,976	6,039,929	4,921,034	5,078,041
Federal sources	829,027	349,849	334,765	334,571	347,658	343,136	263,080	303,789	326,481	585,366
Total	\$ 14,898,754	14,906,295	15,150,177	14,579,077	13,701,016	12,900,631	12,652,960	12,337,708	12,091,937	11,870,839
Expenditures:										
Instruction:										
Regular	\$ 5,050,693	4,600,342	4,580,656	4,579,206	4,835,201	4,631,629	4,740,312	5,093,452	5,469,341	4,974,046
Special	1,452,239	1,694,927	1,550,545	1,520,451	1,555,584	1,513,996	1,445,875	1,237,022	1,299,281	1,356,977
Other	2,219,529	2,052,579	2,234,677	2,165,708	1,879,006	1,900,490	2,030,558	1,837,150	1,781,138	1,918,414
Support services:										
Student	125,000	254,195	231,638	170,950	176,504	210,792	191,316	210,481	203,666	183,047
Instructional staff	592,159	635,625	639,423	632,951	667,707	347,110	355,608	253,145	283,043	281,297
Administration	1,206,989	1,361,982	1,340,244	1,365,428	1,310,740	1,276,326	1,201,497	1,205,532	1,212,399	1,139,427
Operation and maintenance										
of plant	1,267,613	1,135,794	1,014,421	1,171,969	1,021,809	1,300,852	968,873	807,412	824,868	726,734
Transportation	427,226	540,256	686,586	685,725	551,986	710,714	526,579	769,521	519,940	563,150
Non-instructional programs	-	-	-	-	-	-	16,307	-	-	-
Capital outlay	232,210	4,372,412	10,582,732	4,100,759	1,286,007	332,184	409,146	391,004	362,319	495,612
Long-term debt:										
Principal	1,070,000	915,000	925,000	670,000	170,000	170,000	165,000	2,965,000	130,000	100,000
Interest	577,201	595,851	613,732	328,131	60,460	62,245	63,483	78,038	132,110	135,510
Other expenditures:										
AEA flowthrough	442,725	442,297	442,433	441,440	431,416	425,138	426,067	422,810	410,546	410,210
Total	\$ 14,663,584	18,601,260	24,842,087	17,832,718	13,946,420	12,881,476	12,540,621	15,270,567	12,628,651	12,284,424

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	FY 21	21,188 *
COVID-19 - National School Lunch Program	10.555	FY 21	50,217
Total - National School Lunch Program			<u>71,405</u>
Summer Food Service Program for Children	10.559	FY 21	554,028
Total - Child Nutrition Cluster			<u>625,433</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 21	153,819
Supporting Effective Instruction State Grants	84.367	FY 21	29,425
Student Support and Academic Enrichment Program	84.424	FY 21	10,537
Education Stabilization Fund:			
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	FY 21	49,755
COVID-19 Elementary and Secondary School Relief (ESSER) Fund	84.425D	FY 20	98,279
COVID-19 Elementary and Secondary School Relief (ESSER) Fund	84.425D	FY 21	302,589
Total - Education Stabilization Fund			<u>450,623</u>
Keystone Area Education Agency:			
Special Education Grants to States	84.027	FY 21	45,493
Career and Technical Education - Basic Grants to States	84.048	FY 21	9,531
Total			<u>\$ 1,324,861</u>

* Includes \$21,188 of non-cash awards.

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

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

Indirect Cost Rate - New Hampton Community School District did not use a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
115 North 3rd Avenue West, Newton, Iowa 50208-3218
Telephone (641) 792-1910

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

To the Board of Education of New Hampton Community School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of New Hampton Community School District, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise New Hampton Community School District's basic financial statements, and have issued our report thereon dated January 13, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

New Hampton Community School District's Responses to Findings

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

Purpose of this Report

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

January 13, 2023
Newton, Iowa

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
115 North 3rd Avenue West, Newton, Iowa 50208-3218
Telephone (641) 792-1910

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

To the Board of Education of New Hampton Community School District:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

January 13, 2023
Newton, Iowa

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

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

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

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-21 Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording or transactions are not under the control of the same employees. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes that accuracy of the District's financial statements.

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

- 1) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 2) Receipts - collecting, receipting, deposit preparation and completion, journalizing; posting and reconciling.
- 3) Journal Entries - writing, posting and approval.

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

Effect - Inadequate segregation of duties could adversely affect the District's ability to prevent or detect and correct misstatements, error, or misappropriations on a timely basis by employees in the normal course of performing their assigned functions

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

Response and Corrective Action Planned - The District will investigate ways to further segregate duties with the limited staff of the District.

Conclusion - Response accepted.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

**AL Number 10.555 - National School Lunch Program
AL Number 10.559 - Summer Food Service Program for Children
Pass-Through Entity Identifying Number: FY21
Federal Award Year: 2021
Prior Year Finding Number: N/A
U.S. Department of Agriculture
Passed through the Iowa Department of Education**

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

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

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Part IV: Other Findings Related to Statutory Reporting:

IV-A-21 Certified Budget - During the year ended June 30, 2021, expenditures in the non-instructional programs function exceed the amended amounts budgeted.

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

Response - In the future, the District will monitor expenditures to make sure the budget is amended before the budget is exceeded.

Conclusion - Response accepted.

IV-B-21 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-21 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-21 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Terry Phillips, Cook Spouse owns Phillips Refrigeration	Services	\$3,573
Jeanette Laures, Teacher Spouse owns Vern Laures Chevy-Buick	Services	\$3,989
Chad Pemble, Teacher Spouse owns Screen Print To Go	Supplies	\$37,874
Michelle Hoy, Teacher Spouse owns EH Electric, LLC	Services	\$32,120
Ryan Rausch, Coach Spouse owns American Solutions for Business	Supplies	\$12,067

In accordance with an Attorney's General's opinion dated November 9, 1976, the above transactions with relatives of District employees do not appear to represent a conflict of interest.

- IV-E-21 Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- IV-F-21 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-G-21 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, although the District's official depositories were listed in the board minutes, we noted the maximum amount that may be kept on deposit in each depository was not included as required by the Code of Iowa. Chapter 12C.2 of the Code of Iowa states, *"The approval of a financial institution as a depository of public funds for a public body shall be by written resolution or order that shall be entered of record in the minutes of the approving board, and that shall distinctly name each depository approved, and specify the maximum amount that may be kept on deposit in each depository."*
- Recommendation - The District should review the procedures in place and make the necessary adjustments to comply with Chapter 12C.2 of the Code of Iowa.
- Response - Going forward, the District will have the board include in its approval of financial institutions an amount that may be deposited in the institution.
- Conclusion - Response accepted.
- IV-H-21 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-I-21 Supplementary Weighting - No variances regarding the supplementary weighting data certified to the Iowa Department of Education were noted.
- IV-J-21 Deposits and Investments - Except as cited above (see comment IV-G-21), no other instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-K-21 Certified Annual Report - The Certified Annual Report was filed with the Iowa Department of Education timely.
- IV-L-21 Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.

IV-M-21 Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2021, the District reported the following information regarding the statewide sales, services, and use tax revenue in the District's CAR:

Beginning balance		\$	732,656
Revenues:			
Sales tax revenues	\$	914,306	
Other local revenues		10,558	924,864
		<u> </u>	<u> </u>
Expenditures/transfers out:			
School infrastructure construction		19,387	
Equipment		117,779	
Other		13,450	
Transfers to the Debt Service Fund		496,198	646,814
		<u> </u>	<u> </u>
Ending balance			<u>\$ 1,010,706</u>

For the year ended June 30, 2021, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423 F of the Code of Iowa.

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	<u>\$ 0.50377</u>	<u>\$ 263,268</u>

IV-N-21 Board Policies - We noted during our audit instances of District board policies which do not appear to have been reviewed and/or updated within the past five years. According to Iowa Administrative Code Chapter 281-12.3(2), "*Policies shall be reviewed at least every five years to ensure relevance to current practices and compliance with the Iowa Code, administrative rules and decisions, and court decisions.*"

Recommendation - The District should review its official board policies and update all policies that have not been updated within the last five years. The District should also review procedures and take steps to ensure board policies are reviewed in a timely manner in accordance with Chapter 281-12.3(2) of the Iowa Administrative Code.

Response - The District will go through all board policies to make sure they are being reviewed on a five year cycle.

Conclusion - Response accepted.

IV-O-21 Financial Condition - At June 30, 2021, the District had two accounts in the Student Activity Fund with deficit unassigned balances totaling \$459.

Recommendation - The District should monitor these accounts and investigate alternatives to eliminate the deficit balances. The District should also review purchase approval procedures for the Student Activity Fund and may wish to require additional approval before ordering goods and services from these accounts.

Response - The District will make sure that all fund balances in the Student Activity Fund are \$0 or greater at the end of each fiscal year.

Conclusion - Response accepted.

IV-P-21 Student Activity Fund - In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for students. In the course of our audit questions arose about the propriety of certain accounts as well as specific revenues and expenses within the Student Activity Fund. More specific examples of these instances of questioned items and recommendations are as follows:

Inactive Accounts - During our audit we noted the following Student Activity Fund accounts with balances at year end which appear to be inactive: GSA, NEIC Athletic Directors, Miscellaneous, MS Annual, MS Student Senate and Student Assistance.

Recommendation - The District should review these accounts to determine if these groups are still active or if the accounts should be closed out to other groups within the Student Activity Fund per the direction of the District's Board of Directors.

Response - The District will review all student activity accounts and have the board close and/or reassign any accounts which are no longer active.

Conclusion - Response accepted.

Scholarships: We noted scholarships awarded from the Lettermen account within the Student Activity Fund. An individual scholarship is a private benefit, lacks public purpose, and is specifically prohibited as an allowable expenditure from the Student Activity Fund (281 IAC 98.70(3)"c").

Recommendation - Revenues for student activity fundraising should be receipted to the Student Activity Fund, unless otherwise defined by the purpose of the fundraiser as approved by the local board. If the board approves fundraising for scholarships, the funds should be receipted to the appropriate scholarship fund.

Response - The District will make sure the board approves all fundraisers that are designated as scholarships are noted as such when they are approved. The District now utilizes a Scholarship Fund to record activity associated with board approved fundraisers for scholarships.

Conclusion - Response accepted.

Miscellaneous (Interest) Account: It appears the District utilizes the Miscellaneous account to record Student Activity Fund interest income. Although it appears interest earned during fiscal year 2021 was allocated to other accounts within the Student Activity Fund, the Miscellaneous account still had the same \$1,005 year-end balance as the past two years.

Recommendation - Interest should be allocated to other accounts within the Student Activity Fund on an annual basis, per Board discretion.

Response - The District will eliminate the Miscellaneous account and have the board authorize the administration to distribute the interest funds as directed by the board.

Conclusion - Response accepted.