

**NEW HAMPTON  
COMMUNITY SCHOOL DISTRICT  
NEW HAMPTON, IOWA**

**FINANCIAL REPORT**

**JUNE 30, 2024**

TABLE OF CONTENTS

		<u>Page</u>
BOARD OF EDUCATION AND SCHOOL OFFICIALS		1
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS		2-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)		5-5g
<b>BASIC FINANCIAL STATEMENTS</b>	<b><u>Exhibit</u></b>	
Government-wide Financial Statements:		
Statement of Net Position	A	6
Statement of Activities	B	7
Governmental Funds Financial Statements:		
Balance Sheet	C	8-9
Statement of Revenues, Expenditures and Changes in Fund Balances	D	10-11
Proprietary Funds Financial Statements:		
Statement of Net Position	E	12
Statement of Revenues, Expenses and Changes in Net Position	F	13
Statement of Cash Flows	G	14
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Net Position	H	15
Statement of Changes in Fiduciary Net Position	I	16
Notes to Financial Statements		17-40
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds		41
Notes to Required Supplementary Information - Budgetary Reporting		42
Schedule of the District's Proportionate Share of the Net Pension Liability		43
Schedule of District Contributions		44
Notes to Required Supplementary Information - Pension Liability		45
Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes		46
<b>OTHER SUPPLEMENTARY INFORMATION</b>	<b><u>Schedule</u></b>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	47
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2	48
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	3	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	4	50
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5	51
Nonmajor Capital Projects Funds:		
Combining Balance Sheet	6	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	7	53
Custodial Fund Accounts:		
Schedule of Changes in Fiduciary Net Position	8	54
Comparative Schedule of Revenues by Source and Expenditures by Function		
All Governmental Funds	9	55
Schedule of Findings and Questioned Costs	10	56-58
Summary Schedule of Prior Audit Findings	10	59
Schedule of Expenditures of Federal Awards	11	60
Notes to the Schedule of Expenditures of Federal Awards		61

TABLE OF CONTENTS (Continued)

	<u>Page</u>
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 <i>GOVERNMENT AUDITING STANDARDS</i>	62-63
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	64-66
MANAGEMENT LETTER	67-70

NEW HAMPTON COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION AND SCHOOL OFFICIALS

<u>Name</u>	<u>Title</u>	<u>District</u>	<u>Term Expires</u>
<b><u>Board of Education</u></b> <b>(Before 2023 Election)</b>			
Jay Matthews	President	District 2	2023
Timothy Denner	Vice-President	Director at Large	2025
Nathaniel Schwickerath	Board Member	District 1	2023
Adam Schwickerath	Board Member	District 1	2025
Bob Ayers	Board Member	District 2	2025
<b><u>After 2023 Election</u></b>			
Jay Mathews	President	District 2	2027
Timothy Denner	Vice- President	Director at Large	2025
Nathaniel Schwickerath	Board Member	District 1	2027
Adam Schwickerath	Board Member	District 1	2025
Bob Ayers	Board Member	District 2	2025
<b><u>School Officials</u></b>			
Jay Jurens	Superintendent		
Christy Roethler	Business Manager and District Secretary/Treasurer		



# Hacker Nelson & Co., CPAs

## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Board of Education  
New Hampton Community School District  
New Hampton, Iowa

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Hampton Community School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Hampton Community School District, as of June 30, 2024, 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.

#### Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the New Hampton Community School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

### Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, the budgetary comparison information, the schedule of the District's proportionate share of the net pension liability, the schedule of District contributions and the schedule of changes in the District's total OPEB liability, related ratios and notes on pages 5 through 5g and pages 41 through 46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 the New Hampton Community School District's June 30, 2024 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 year ended June 30, 2023 (which is not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedule 1 through 11, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The supplementary information shown on Schedules 1 through 11, including the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information shown on Schedules 1 through 11, including the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the years ended June 30, 2023 through 2024 basic financial statements as a whole.

The financial statements of New Hampton Community School District for the years ended June 30, 2015 through 2022 were audited by other auditors who expressed unmodified opinions on those statements. Their reports on the information presented on page 55 related to the 2015 through 2022 financial statements stated that, in their opinion, such information was fairly stated in all material respects in relation to the 2015 through 2022 financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2025, on our consideration of the 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 New Hampton Community School 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.

HACKER, NELSON + CO., CPAs

New Hampton, Iowa  
February 28, 2025

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
NEW HAMPTON, IOWA

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024

---

Management of the 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, 2024.

The intent of this discussion and analysis is to look at New Hampton Community School District's financial performance as a whole with comparisons to the previous fiscal year activities. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

2024 FINANCIAL HIGHLIGHTS

In total, net position increased \$1,711 or .03% from fiscal year 2023. Net position in governmental activities increased \$68,197, which represented an 1.4% increase from fiscal year 2023. The District's governmental revenues increased 7.9% or approximately \$1,274,000, with receiving approximately \$664,000 more in property taxes and receiving approximately \$575,000 from the American Rescue Plan Act. District governmental program expenses increased 6.6% or approximately \$1,076,000 with the pension expense increasing approximately \$527,000, and an increase in instruction and support services of approximately \$1,028,000.

Net position in the business-type activities, which represents the District's food service operations decreased \$(66,486), which represented a 21.0% decrease from fiscal year 2023. The decrease is due to an increase in salaries and benefits along with an increase in supplies.

General fund revenues (which include the instructional support fund) accounted for \$13,705,803 in revenue or 79.2% of all governmental revenues. General fund expenditures (which include the instructional support fund) accounted for \$14,027,837 in expenditures or 75.6% of all governmental expenditures.

USING THIS ANNUAL REPORT

These statements are organized so the reader can understand New Hampton Community School District as a financial whole or as an entire operating entity. The annual report consists of a series of financial statements, notes to those 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 services 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 financial statements by providing information about the most significant funds with all other nonmajor funds presented in total in a single column. The remaining financial statements provide 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.



## USING THIS ANNUAL REPORT (Continued)

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.

Other supplementary information provides detailed information about the nonmajor funds and compares governmental fund activity to prior years. In addition, the schedule of expenditures of federal awards provides details of various federal programs benefiting the District.

### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

#### *Government-wide Financial Statements*

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

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

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

- **Governmental activities:** most of the District's programs and services are reported 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 uses different funds in accordance with the Uniform Financial Accounting for Iowa LEA's, as required by the Iowa Department of Education, to record its financial transactions. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show it is properly using certain revenues, such as federal grants.

However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds for fiscal year 2024 are the general fund, the statewide sales, services and use tax-capital projects fund, and debt service fund.

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES (Continued)

### *Fund Financial Statements (Continued)*

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. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Consequently, the governmental funds 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 funds.

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 and 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 major proprietary 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 benefit plan.

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

- 3) **Fiduciary fund:** the District is the trustee, or fiduciary, for assets that belong to others. The District's fiduciary fund is as follows:

- **Custodial fund:** this is a fund through which the District administers and accounts for certain monies as a fiscal agent.

The District is responsible for ensuring the assets reported in the fiduciary fund is used only for its intended purpose 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 the fiduciary fund include a statement of fiduciary net position and the 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**

As noted earlier, net position may serve over time as a useful indicator of financial position. The District’s net position at the end of fiscal year 2024 for governmental activities was \$5,130,755 and for business-type activities was \$244,827. The following is a summary perspective of the statement of net position of the District for the fiscal years ended June 30, 2024 and 2023.

	Condensed Statement of Net Position					
	(Expressed in Thousands)					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 13,025	\$ 13,884	\$ 395	\$ 418	\$ 13,420	\$ 14,302
Capital assets	19,032	19,768	32	37	19,064	19,805
<b>Total assets</b>	<b>32,057</b>	<b>33,652</b>	<b>427</b>	<b>455</b>	<b>32,484</b>	<b>34,107</b>
Deferred outflows of resources	1,888	1,258	76	38	1,964	1,296
Current liabilities	2,715	2,696	86	33	2,801	2,729
Noncurrent liabilities	18,121	19,010	146	120	18,267	19,130
<b>Total liabilities</b>	<b>20,836</b>	<b>21,706</b>	<b>232</b>	<b>153</b>	<b>21,068</b>	<b>21,859</b>
Deferred inflows of resources	7,978	8,141	26	29	8,004	8,170
Net position:						
Net investment in capital assets	4,282	3,463	32	37	4,314	3,500
Restricted	2,546	3,324			2,546	3,324
Unrestricted (deficit)	(1,697)	(1,724)	213	274	(1,484)	(1,450)
<b>Total net position</b>	<b>\$ 5,131</b>	<b>\$ 5,063</b>	<b>\$ 245</b>	<b>\$ 311</b>	<b>\$ 5,376</b>	<b>\$ 5,374</b>

The District’s total net position increased by .03% or approximately \$1,700 from the prior year. The largest portion of the District’s net position is invested in capital assets (e.g., land, buildings, equipment, right-to-use equipment, and right-to-use IT subscription), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net position decreased approximately \$778,000 or 23.4%, from the prior year. The decrease was primarily a result of a decrease in the debt service fund due to calling bonds and a decrease in capital projects which increased statewide sales, services and use tax fund.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased approximately \$34,000 or 2.3%. The decrease in unrestricted net position was primarily a result of the increase in the District’s expenses.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

As shown below, the following analysis shows the change in net position for the years ended June 30, 2024 and 2023.

	Changes in Net Position (Expressed in Thousands)					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>REVENUES</b>						
Program revenue:						
Charges for service	\$ 1,386	\$ 1,271	\$ 323	\$ 309	\$ 1,709	\$ 1,580
Operating grants	2,449	2,361	449	420	2,898	2,781
General revenue:						
Property taxes	6,746	6,082			6,746	6,082
Sales tax and surtax	1,225	1,263			1,225	1,263
Unrestricted state grants	4,327	3,990			4,327	3,990
American Rescue Plan Act	575	343			575	343
Unrestricted investment earnings	325	253	21	15	346	268
Other revenue	345	541			345	541
<b>Total revenues</b>	<b>17,378</b>	<b>16,104</b>	<b>793</b>	<b>744</b>	<b>18,171</b>	<b>16,848</b>
<b>PROGRAM EXPENSES</b>						
Instruction	9,603	8,939			9,603	8,939
Student support	5,044	4,654			5,044	4,654
Non-instructional programs			859	681	859	681
Other expenses	2,663	2,641			2,663	2,641
<b>Total expenses</b>	<b>17,310</b>	<b>16,234</b>	<b>859</b>	<b>681</b>	<b>18,169</b>	<b>16,915</b>
<b>Change in net position</b>	<b>68</b>	<b>(130)</b>	<b>(66)</b>	<b>63</b>	<b>2</b>	<b>(67)</b>
<b>NET POSITION, beginning of year</b>	<b>5,063</b>	<b>5,193</b>	<b>311</b>	<b>248</b>	<b>5,374</b>	<b>5,441</b>
<b>NET POSITION, end of year</b>	<b>\$ 5,131</b>	<b>\$ 5,063</b>	<b>\$ 245</b>	<b>\$ 311</b>	<b>\$ 5,376</b>	<b>\$ 5,374</b>

In fiscal year 2024, property tax and unrestricted state grants accounted for 63.7% of governmental activities revenues while charges for service and operating grants accounted for 97.4% of business-type activities.

The District's total revenues were approximately \$18.1 million, of which approximately \$17.4 million was for governmental activities and about \$0.7 million was for business-type activities.

As shown above, the District as a whole experienced an 7.9% increase in revenues and an 6.6% increase in expenses. Property taxes increased approximately \$664,000 for services provided and the American Rescue Plan Act increased approximately \$232,000. The increase in expenses is primarily related to an increase in pension expense and depreciation expense.

## INDIVIDUAL FUND ANALYSIS

The New Hampton Community School District uses fund accounting on the modified accrual basis of accounting to ensure and demonstrate compliance with finance-related legal requirements.

### *Governmental Funds Highlights*

As the District completed the year, its governmental funds reported a fund balance of \$4,340,864, a \$(1,203,485) decrease from the 2023 fiscal year end balance of \$5,544,349.

- The general fund revenues increased during fiscal year 2024 for local property tax, federal and state sources while expenditures increased slightly over all function areas. The District did receive \$575,081 of American Rescue Plan Act. The ending fund balance showed a decrease of \$(241,740) from the prior year.
- The statewide sales, services and use tax-capital projects fund generated less revenue during fiscal year 2024 from Secure an Advanced Vision for Education (SAVE). Expenditures increased during the fiscal year in facilities acquisition due to more improvement projects. The ending fund balance showed a decrease of \$(349,782) from the prior year.
- The debt service fund generated less revenue during fiscal year 2024 from local property taxes. Expenditures increased in the current year due to the District calling in some bonds. The ending fund balance showed a decrease of \$(458,327) from the prior year.

### *Proprietary Funds Highlights*

The school nutrition fund net position decreased from \$311,313 at June 30, 2023 to \$244,827 at June 30, 2024, representing a decrease of approximately 21.0%. Total revenues were more than the prior year, with an increase of approximately \$14,000 in charges for fees and an increase of approximately \$35,000 in non-operating revenues. Operating expenses increased by approximately \$177,000, with increases in supplies and salaries and benefits.

## BUDGETARY HIGHLIGHTS

The District's Board of Education annually adopts a budget as required by Iowa law. Proper public notice and a required public hearing are held before final approval of the budget. State statute requires approval of the budget on or before April 15 of each year. The budget document presents functional expenditures by fund and the legal level of control is at the expense level by total instruction, total support services, total non-instructional programs, total other expenditures, and total expenditures. The District amends the budget, as allowed by Iowa law, generally once per year to reflect the additional revenues and expenditures that may occur during the school year. The District adopted a budget amendment in fiscal year 2024.

The District's total revenues were \$1,053,573 more than total budgeted revenues, a variance of 6.2%. The most significant variances resulted from the District receiving more from local sources, causing the total amount received to be more than originally anticipated.

Total expenditures were less than budgeted, due to the District's budget for the general fund. It is the District's practice to budget expenditures within the authorized spending authority for the general fund. The District then manages or controls general fund and other 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 and other expenditures functions.

**BUDGETARY HIGHLIGHTS (Continued)**

The following chart shows the original and final budget for fiscal year 2024 as well as the actual revenues and expenditures for the year.

	Budgetary Comparison Schedule (Expressed in Thousands)			
	Actual Basis	Budgeted Amounts		Variance
		Original	Final	
<b>Revenues:</b>				
Local sources	\$ 9,061	\$ 8,305	\$ 8,305	\$ 756
State sources	7,504	7,273	7,273	231
Federal sources	1,536	1,470	1,470	66
<b>Total revenues</b>	<b>\$ 18,101</b>	<b>\$ 17,048</b>	<b>\$ 17,048</b>	<b>\$ 1,053</b>
<b>Expenditures/Expenses:</b>				
Instruction	\$ 9,977	\$ 10,099	\$ 10,449	\$ 472
Support services	5,114	5,756	5,756	642
Non-instructional programs	858	791	791	(67)
Other expenditures	3,472	2,657	3,107	(365)
<b>Total expenditures/expenses</b>	<b>\$ 19,421</b>	<b>\$ 19,303</b>	<b>\$ 20,103</b>	<b>\$ 682</b>

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets*

At the end of fiscal year 2024, the District's governmental activities had invested \$19,031,470 (net of accumulated depreciation/amortization) in a broad range of capital assets, including land, buildings, vehicles, technology (including computer equipment), media/audio visual equipment and classroom equipment. The District's governmental activities had depreciation/amortization expense of \$1,998,720 for fiscal year 2024 and total accumulated depreciation/amortization of \$21,803,108 as of June 30, 2024. The District's business-type activities had invested \$31,575 (net of accumulated depreciation) in capital assets of equipment. The District's business-type activities had depreciation expense of \$5,670 for fiscal year 2024 and total accumulated depreciation of \$109,051 as of June 30, 2024. More detailed information about capital assets is available in Note 6 to the financial statements. The following chart shows the comparison in capital assets for 2024 and 2023.

	Capital Assets (Net of Depreciation) (Expressed in Thousands)					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 464	\$ 464			\$ 464	\$ 464
Construction in progress		195			-	195
Land improvements	1,268	624			1,268	624
Buildings	16,551	17,697			16,551	17,697
Furniture and equipment	667	726	\$ 32	\$ 37	699	763
Right-to-use assets	22	39			22	39
Right-to-use IT subscription	60	23			60	23
<b>Total</b>	<b>\$ 19,032</b>	<b>\$ 19,768</b>	<b>\$ 32</b>	<b>\$ 37</b>	<b>\$ 19,064</b>	<b>\$ 19,805</b>

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

*Debt*

As of June 30, 2024, the District had \$14,749,792 long-term debt outstanding compared to \$16,317,938 from the prior year. More detailed information about the District’s long-term debt can be found in Note 7 to the financial statements. The following chart shows the debt comparison between 2024 and 2023.

	Long-term Debt Obligations			Balance June 30, 2024
	Balance June 30, 2023	Additions	Reductions	
<b>Bonds:</b>				
General obligation bonds	\$ 15,120,000		\$ 1,340,000	\$ 13,780,000
Tax revenue bonds	1,123,000		219,000	904,000
<b>Total bonds</b>	<b>16,243,000</b>	<b>\$ -</b>	<b>1,559,000</b>	<b>14,684,000</b>
<b>Other Liabilities:</b>				
Right-to-use agreements	39,614		16,917	22,697
IT subscription liability	23,214	47,991	28,110	43,095
Termination benefits	12,110		12,110	-
<b>Total other liabilities</b>	<b>74,938</b>	<b>47,991</b>	<b>57,137</b>	<b>65,792</b>
<b>Total long-term debt</b>	<b>\$ 16,317,938</b>	<b>\$ 47,991</b>	<b>\$ 1,616,137</b>	<b>\$ 14,749,792</b>

ECONOMIC FACTORS BEARING ON THE DISTRICT’S FUTURE

Current Issues

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

- The Iowa school funding formula is highly dependent upon student enrollment. Current year enrollment increased by forty students over prior year which is a positive impact on revenues.

This financial report is designed to provide the District’s citizens, taxpayers, customers, and creditors with a general overview of New Hampton Community School 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, please contact Ms. Christy Roethler, Business Manager and District Secretary/Treasurer, New Hampton Community School District, 710 West Main Street, New Hampton, Iowa 50659.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2024

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 5,500,833	\$ 346,592	\$ 5,847,425
Receivables:			
Property tax:			
Delinquent	38,223		38,223
Succeeding year	6,502,446		6,502,446
Accounts	557		557
Due from other governments	967,845	44,817	1,012,662
Lease receivable, current portion	7,170		7,170
Inventories		4,088	4,088
Lease receivable, less current portion	8,865		8,865
Capital assets, non-depreciable	463,720		463,720
Capital assets, net of accumulated depreciation/amortization	18,567,750	31,575	18,599,325
Total assets	<u>32,057,409</u>	<u>427,072</u>	<u>32,484,481</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	1,781,992	72,968	1,854,960
OPEB related deferred outflows	106,107	3,262	109,369
Total deferred outflows of resources	<u>1,888,099</u>	<u>76,230</u>	<u>1,964,329</u>
Total assets and deferred outflows of resources	<u>\$ 33,945,508</u>	<u>\$ 503,302</u>	<u>\$ 34,448,810</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 170,221	\$ 32,042	\$ 202,263
Salaries and benefits payable	1,409,707	34,542	1,444,249
Unearned revenues		18,717	18,717
Accrued interest payable	35,744		35,744
Long-term liabilities:			
Portion due within one year:			
Bonds payable	1,055,000		1,055,000
Right-to-use agreements	16,937		16,937
IT subscription liability	27,107		27,107
Portion due after one year:			
Bonds payable	13,629,000		13,629,000
Right-to-use agreements	5,760		5,760
IT subscription liability	15,988		15,988
Net pension liability	3,791,527	125,765	3,917,292
Total OPEB liability	679,309	20,740	700,049
Total liabilities	<u>20,836,300</u>	<u>231,806</u>	<u>21,068,106</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Lease related	16,800		16,800
Succeeding year property tax	6,502,446		6,502,446
Pension related deferred inflows	611,664	15,587	627,251
OPEB related deferred outflows	326,468	11,082	337,550
Other	521,075		521,075
Total deferred inflows of resources	<u>7,978,453</u>	<u>26,669</u>	<u>8,005,122</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,281,678	31,575	4,313,253
Restricted for:			
School infrastructure	757,253		757,253
Management levy purposes	506,854		506,854
Student activities	289,080		289,080
Physical plant and equipment	150,163		150,163
Debt service	514,368		514,368
Categorical funding	323,656		323,656
Other	5,500		5,500
Unrestricted (deficit)	(1,697,797)	213,252	(1,484,545)
Total net position	<u>5,130,755</u>	<u>244,827</u>	<u>5,375,582</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 33,945,508</u>	<u>\$ 503,302</u>	<u>\$ 34,448,810</u>

See Notes to Financial Statements.



NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2024

Functions and Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Governmental Activities	Business-type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>						
Instruction:						
Regular	\$ 5,384,246	\$ 531,341	\$ 1,390,596	\$ (3,462,309)		\$ (3,462,309)
Special	3,294,851	42,287	592,360	(2,660,204)		(2,660,204)
Other	923,961	595,496	5,220	(323,245)		(323,245)
	<u>9,603,058</u>	<u>1,169,124</u>	<u>1,988,176</u>	<u>(6,445,758)</u>	\$ -	<u>(6,445,758)</u>
Support services:						
Student	357,223	52,555		(304,668)		(304,668)
Instructional staff	736,408			(736,408)		(736,408)
Administration	1,413,615	9,016		(1,404,599)		(1,404,599)
Operation and maintenance plant	1,567,802			(1,567,802)		(1,567,802)
Transportation	969,336	155,698		(813,638)		(813,638)
	<u>5,044,384</u>	<u>217,269</u>	<u>-</u>	<u>(4,827,115)</u>	<u>-</u>	<u>(4,827,115)</u>
Other:						
Long-term debt interest	483,051			(483,051)		(483,051)
Facilities acquisition	542			(542)		(542)
AEA flowthrough	460,527		460,527	-		-
Depreciation/amortization (unallocated)*	1,718,630			(1,718,630)		(1,718,630)
	<u>2,662,750</u>	<u>-</u>	<u>460,527</u>	<u>(2,202,223)</u>	<u>-</u>	<u>(2,202,223)</u>
Total governmental activities	<u>17,310,192</u>	<u>1,386,393</u>	<u>2,448,703</u>	<u>(13,475,096)</u>	<u>-</u>	<u>(13,475,096)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>						
Non-instructional programs: nutrition services	858,705	322,341	448,628	-	(87,736)	(87,736)
Total	<u>\$ 18,168,897</u>	<u>\$ 1,708,734</u>	<u>\$ 2,897,331</u>	<u>(13,475,096)</u>	<u>(87,736)</u>	<u>(13,562,832)</u>
<b>GENERAL REVENUES</b>						
Property taxes levied for:						
General purposes				5,182,021		5,182,021
Management levy purposes				449,903		449,903
Physical plant and equipment				190,310		190,310
Debt service purposes				923,646		923,646
Statewide sales, services and use tax				1,225,147		1,225,147
Unrestricted state grants				4,326,723		4,326,723
American Rescue Plan Act				575,081		575,081
Unrestricted investment earnings				324,688	21,250	345,938
Gain on sale of capital assets				1,680		1,680
Other				344,094		344,094
Total general revenues				<u>13,543,293</u>	<u>21,250</u>	<u>13,564,543</u>
Change in net position				68,197	(66,486)	1,711
NET POSITION, beginning of year				<u>5,062,558</u>	<u>311,313</u>	<u>5,373,871</u>
NET POSITION, end of year				<u>\$ 5,130,755</u>	<u>\$ 244,827</u>	<u>\$ 5,375,582</u>

\*This amount excludes the depreciation/amortization included in the direct expenses of the various programs.

See Notes to Financial Statements.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2024

	General	Capital Projects Fund		Nonmajor Governmental Funds	Total Governmental Funds
		Statewide Sales, Services and Use Tax	Debt Service		
<b>ASSETS</b>					
Cash and pooled investments	\$ 3,303,408	\$ 647,324	\$ 544,366	\$ 940,909	\$ 5,436,007
Receivables:					
Property tax:					
Delinquent	28,508		5,746	3,969	38,223
Succeeding year	4,658,211		948,922	895,313	6,502,446
Accounts				557	557
Due (to)/from other funds	(1,509)			1,509	-
Due from other governments	855,113	112,732			967,845
Lease receivable	16,035				16,035
<b>Total assets</b>	<b>\$ 8,859,766</b>	<b>\$ 760,056</b>	<b>\$ 1,499,034</b>	<b>\$ 1,842,257</b>	<b>\$ 12,961,113</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 163,869	\$ 2,803		\$ 3,549	\$ 170,221
Salaries and benefits payable	1,409,707				1,409,707
<b>Total liabilities</b>	<b>1,573,576</b>	<b>2,803</b>	<b>\$ -</b>	<b>3,549</b>	<b>1,579,928</b>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	4,658,211		948,922	895,313	6,502,446
Lease related	16,800				16,800
Other	521,075				521,075
<b>Total deferred inflows of resources</b>	<b>5,196,086</b>	<b>-</b>	<b>948,922</b>	<b>895,313</b>	<b>7,040,321</b>
Fund balances:					
Restricted for:					
Categorical funding	323,656				323,656
Debt service			550,112		550,112
Management levy purposes				506,854	506,854
Student activities				289,080	289,080
Physical plant and equipment				150,163	150,163
School infrastructure		757,253			757,253
Scholarship				5,500	5,500
Unassigned (deficit)	1,766,448			(8,202)	1,758,246
<b>Total fund balances</b>	<b>2,090,104</b>	<b>757,253</b>	<b>550,112</b>	<b>943,395</b>	<b>4,340,864</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,859,766</b>	<b>\$ 760,056</b>	<b>\$ 1,499,034</b>	<b>\$ 1,842,257</b>	<b>\$ 12,961,113</b>

See Notes to Financial Statements.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2024

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET POSITION

Total governmental fund balances		\$	4,340,864
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, net of accumulated depreciation/amortization of: \$21,803,108.			19,031,470
An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.			64,826
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.			(35,744)
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:			
Deferred outflows of resources	\$	1,888,099	
Deferred inflows of resources		(938,132)	949,967
Long-term liabilities, including bonds payable, right-to-use lease agreements, IT subscription liability, accrued interest, total OPEB liability and net pension liability, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds:			
Bonds payable		(14,684,000)	
Right-to-use agreements		(22,697)	
IT subscription liability		(43,095)	
Net pension liability		(3,791,527)	
Total OPEB liability		(679,309)	(19,220,628)
Net position of governmental activities per Exhibit A		\$	<u>5,130,755</u>

See Notes to Financial Statements.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2024

	General	Capital Projects Fund		Nonmajor Governmental Funds	Total Governmental Funds
		Statewide Sales, Services and Use Tax	Debt Service		
<b>REVENUES</b>					
Local sources:					
Local property tax	\$ 5,182,021		\$ 923,646	\$ 640,213	\$ 6,745,880
Tuition	547,811				547,811
Other	639,083	\$ 106,075	53,012	625,277	1,423,447
State sources	6,244,837	1,225,147	17,713	12,453	7,500,150
Federal sources	1,092,051				1,092,051
<b>Total revenues</b>	<b>13,705,803</b>	<b>1,331,222</b>	<b>994,371</b>	<b>1,277,943</b>	<b>17,309,339</b>
<b>EXPENDITURES</b>					
Current:					
Instruction:					
Regular	5,744,549	26,867			5,771,416
Special	3,292,158				3,292,158
Other	341,803			571,520	913,323
	9,378,510	26,867	-	571,520	9,976,897
Support services:					
Student	343,600			13,623	357,223
Instructional staff	715,454			20,954	736,408
Administration	1,327,799	43,516		15,442	1,386,757
Operation and maintenance plant	1,063,459	194,524		418,873	1,676,856
Transportation	738,488	2,891		215,250	956,629
	4,188,800	240,931	-	684,142	5,113,873
Other:					
Long-term debt:					
Principal			1,579,960		1,579,960
Interest and fiscal charges			482,253		482,253
Facilities acquisition		821,170		127,815	948,985
AEA flowthrough	460,527				460,527
	460,527	821,170	2,062,213	127,815	3,471,725
<b>Total expenditures</b>	<b>14,027,837</b>	<b>1,088,968</b>	<b>2,062,213</b>	<b>1,383,477</b>	<b>18,562,495</b>
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(322,034)	242,254	(1,067,842)	(105,534)	(1,253,156)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	48,102		609,515		657,617
Operating transfers (out)	(17,479)	(592,036)		(48,102)	(657,617)
Sale of capital assets	1,680				1,680
Proceeds from IT subscription	47,991				47,991
	80,294	(592,036)	609,515	(48,102)	49,671
<b>Change in fund balances</b>	<b>(241,740)</b>	<b>(349,782)</b>	<b>(458,327)</b>	<b>(153,636)</b>	<b>(1,203,485)</b>
<b>FUND BALANCES, beginning of year</b>	<b>2,331,844</b>	<b>1,107,035</b>	<b>1,008,439</b>	<b>1,097,031</b>	<b>5,544,349</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 2,090,104</b>	<b>\$ 757,253</b>	<b>\$ 550,112</b>	<b>\$ 943,395</b>	<b>\$ 4,340,864</b>

See Notes to Financial Statements.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2024

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Net change in fund balances - total governmental funds		\$ (1,203,485)
 Amounts reported for governmental activities in the statement of activities are different because:		
An internal service fund is used by management to charge the costs of health insurance to individual funds. The change in net position in the internal service fund is reported with governmental activities in the statement of activities.		
		9,652
 Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation/amortization expenses in the statement of activities. This is the amount by which depreciation/amortization exceeds capital outlays in the current year, as follows:		
Depreciation/amortization	\$ (1,998,719)	
Capital outlays	1,261,704	(737,015)
 Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. Current year repayments exceeded issuances, as follows:		
Issued	(47,991)	
Repaid	1,604,027	1,556,036
 Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.		
		3,245
 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.		
		756,278
 Termination benefits payments, pension and OPEB are expenditures in the governmental funds when paid, but reduce long-term liabilities in the statement of net position and affect the statement of activities as accrued, as follows:		
Termination benefits	12,110	
Pension expense	(302,483)	
OPEB expense	(26,141)	(316,514)
Change in net position of governmental activities per Exhibit B		<u>\$ 68,197</u>

See Notes to Financial Statements.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2024

	School Nutrition Fund	Internal Service Fund
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 346,592	\$ 64,826
Due from other governments	44,817	
Inventories	4,088	
<b>Total current assets</b>	<b>395,497</b>	<b>64,826</b>
<b>NONCURRENT ASSETS</b>		
Furniture and equipment	140,626	
Less accumulated depreciation	(109,051)	
<b>Total noncurrent assets</b>	<b>31,575</b>	<b>-</b>
<b>Total assets</b>	<b>427,072</b>	<b>64,826</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related deferred outflows	72,968	
OPEB related deferred outflows	3,262	
<b>Total deferred outflows of resources</b>	<b>76,230</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 503,302</b>	<b>\$ 64,826</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 32,042	
Salaries and benefits payable	34,542	
Unearned revenues	18,717	
<b>Total current liabilities</b>	<b>85,301</b>	<b>\$ -</b>
<b>NONCURRENT LIABILITIES</b>		
Net pension liability	125,765	
Total OPEB liability	20,740	
<b>Total noncurrent liabilities</b>	<b>146,505</b>	<b>-</b>
<b>Total liabilities</b>	<b>231,806</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related deferred inflows	15,587	
OPEB related deferred inflows	11,082	
<b>Total deferred inflows of resources</b>	<b>26,669</b>	<b>-</b>
<b>NET POSITION</b>		
Net investment in capital assets	31,575	
Unrestricted	213,252	64,826
<b>Total net position</b>	<b>244,827</b>	<b>64,826</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 503,302</b>	<b>\$ 64,826</b>

See Notes to Financial Statements.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2024

	School Nutrition Fund	Internal Service Fund
<b>OPERATING REVENUES</b>		
Local sources:		
Charges for services	\$ 322,341	\$ 64,149
<b>OPERATING EXPENSES</b>		
Non-instructional programs:		
Food service operations:		
Salaries and benefits	373,220	
Purchased services	4,292	
Supplies	475,523	
Depreciation	5,670	
Other		57,718
Total operating expenses	858,705	57,718
Operating (loss) income	(536,364)	6,431
<b>NONOPERATING REVENUES</b>		
Interest income	21,250	3,221
State sources	4,381	
Federal sources	444,247	
Total nonoperating revenues	469,878	3,221
Change in net position	(66,486)	9,652
NET POSITION, beginning of year	311,313	55,174
NET POSITION, end of year	\$ 244,827	\$ 64,826

See Notes to Financial Statements.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2024

	School Nutrition Fund	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from sale of lunches and breakfasts	\$ 323,993	
Cash paid to employees for services	(275,051)	
Cash paid to suppliers for goods or services	(391,929)	\$ (57,718)
Cash paid on employees' behalf	(93,532)	
Other payments	(4,292)	64,149
	<u>(440,811)</u>	<u>6,431</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State and federal grants received	353,396	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	21,250	3,221
	<u>(66,165)</u>	<u>9,652</u>
<b>CASH, beginning of year</b>	<u>412,757</u>	<u>55,174</u>
<b>CASH, end of year</b>	<u>\$ 346,592</u>	<u>\$ 64,826</u>
<b>Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:</b>		
Operating (loss) income	\$ (536,364)	\$ 6,431
<b>Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:</b>		
Depreciation	5,670	
Commodities used	50,551	
<b>Change in assets and liabilities:</b>		
Inventories	1,001	
Net pension asset		
Accounts payable	32,042	
Salaries and benefits payable	19,215	
Unearned revenues	1,652	
Net pension liability	30,987	
OPEB liability	(4,731)	
Deferred outflows of resources	(38,365)	
Deferred inflows of resources	(2,469)	
	<u>(440,811)</u>	<u>6,431</u>
<b>Non-cash, noncapital financing activities:</b>		
During the year ended June 30, 2024, the District received commodities valued at:	<u>\$ 50,551</u>	

See Notes to Financial Statements.



NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
June 30, 2024

---

	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash	\$ 9,120
<b>LIABILITIES</b>	\$ -
<b>NET POSITION</b>	
Held for other organizations	9,120
<b>Total liabilities and net position</b>	<u>\$ 9,120</u>

See Notes to Financial Statements.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
For the Year Ended June 30, 2024

	Custodial Fund
ADDITIONS	
Gifts and contributions	\$ 8,856
DEDUCTIONS	
Instruction:	
Regular	9,941
Change in net position	(1,085)
NET POSITION, beginning of year	10,205
NET POSITION, end of year	\$ 9,120

See Notes to Financial Statements.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

---

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

The New Hampton Community School District (the District) is a political subdivision of the State of Iowa. The District's primary purpose is to provide education from grades kindergarten through twelve, including special education and pre-kindergarten. The geographic area served includes the City of New Hampton, and the predominate agricultural territory in the Counties of Howard and Chickasaw. It is supported financially by local property taxes, state aid and state and federal grants for special projects. The District is governed by a five-member Board of Education whose members are elected on a non-partisan basis. The District has taxing authority and fundraising capabilities of its own. Final approval of the District's annual program and budget plans rests with the local Board of Education.

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

b. Significant Accounting Policies

*Scope of 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; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature or significance of their relationship with the District should be included in the financial statements as component units. The District has no component units which meet the Governmental Accounting Standards Board criteria.

*Joint Venture*

The District participates in a jointly governed organization that provides services to the District and meets the criteria of a joint venture since there is ongoing financial interest or responsibility by the participating governments. The District is a member of the Northeast Iowa Conference Schools 28E Retention Pool Trust.

*Jointly Governed Organizations*

The District participates in jointly governed organizations that provide 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 Chickasaw County and Howard County Assessor's Conference Boards.

*Government-wide Financial Statements*

The statement of net position and the statement of activities report information on all of the non-fiduciary 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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Government-wide Financial Statements (Continued)*

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

*Fund Financial Statements*

Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The general fund, the statewide sales, services and use tax-capital projects fund, and debt service fund are the major governmental funds for the District. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the nonmajor capital projects funds accounts.

The major funds of the financial reporting entity are described below:

*Governmental*

*General Fund*

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.

*Capital Projects Funds*

The capital projects funds are utilized to account for all resources used in the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through enterprise funds. The major fund in this category is the statewide sales, services and use tax.

*Debt Service Fund*

The debt service fund is used 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.

*Proprietary Funds*

*Enterprise Fund*

The District's proprietary fund is the school nutrition fund. This fund is used to account for the food service operations of the District.

*Internal Service Fund*

The flex benefit fund is used to account for the District's flex benefit plan.

*Fiduciary Fund*

*Custodial Fund*

The District's fiduciary fund, which focuses on net position and changes in net position. The District's fiduciary fund includes the custodial fund which is used to account for assets held by the District as an agent for individuals, private organizations and other governments.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*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 right-to-use agreements and IT subscription liability 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's school nutrition fund are charges to customers for sales and services. Operating expenses for the District's school nutrition fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

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

*Cash and Pooled Investments*

The District maintains one primary demand deposit account for each fund through which the cash resources are processed. All investment activity is carried on by the District in each individual fund. Investments are stated at fair value.

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

*Property Tax Receivable*

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2023.

*Interfund Transactions*

During the course of its operations, the District has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2024, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Most of the interfund transactions have been eliminated on the government-wide statements.

*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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

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

*Capital Assets*

Capital assets are tangible and intangible assets, which include property, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under "Leases" below) if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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.

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	\$ 25,000
Buildings	25,000
Land improvements	25,000
Intangibles	200,000
Right-to-use leased assets	5,000
Right-to-use IT subscription assets	5,000
Furniture and equipment:	
School nutrition fund equipment	500
Other furniture and equipment	5,000

Land and construction in progress are not depreciated. Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	5 - 50
Land improvements	5 - 20
Intangibles	5 - 10
Right-to-use leased assets	2 - 15
Right-to-use IT subscription assets	2 - 15
Furniture and equipment	3 - 20

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

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

*Leases - District as Lessee*

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

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

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

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

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

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

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

*District as Lessor*

New Hampton Community School District is the lessor for a noncancellable lease of a District building. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.



1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

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

*District as Lessor (Continued)*

Key estimates and judgments include how the New Hampton Community School District determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

New Hampton Community School District uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

*Subscription-Based Information Technology Arrangements (SBITA)*

New Hampton Community School District has entered into contracts that convey control of the right to use information technology software. The District has recognized an IT subscription liability and an intangible right-to-use IT subscription asset in the government-wide financial statements. The District recognized IT subscription liabilities with an initial, individual value of \$5,000 or more.

At commencement of the IT subscription term, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the IT subscription liability is reduced by the principal portion of payments made. The right-to-use an IT subscription asset is initially measured as the sum of the initial IT subscription liability, adjusted for payments made at or before the commencement date, plus capitalization implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the right-to-use IT subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to IT subscription arrangements include how New Hampton Community School District determines the discount rate it uses to discount the expected payments to present value, term and payments.

New Hampton Community School District uses the interest rate charged by the IT subscription vendor as the discount rate. When the interest rate charged by the vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate.

The IT subscription term includes the noncancellable period of the subscription. Payments included in the measurement of the liability are composed of fixed payments.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

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

*Subscription-Based Information Technology Arrangements (SBITA) (Continued)*

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

Right-to-use IT subscription assets are reported with other capital assets and IT subscription liabilities are reported with long-term debt on the statement of net position.

*Deferred Outflows of Resources*

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

*Salaries and Benefits Payable*

Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities. Also, wages for hourly employees earned in June and paid in July have been accrued as liabilities. The rate in effect at June 30, 2024 was used to calculate the salaries payable.

*Unearned Revenues*

Proprietary funds defer revenue recognition in connection with resources that have been received but not earned. Unearned revenues consist primarily of hot lunch proceeds collected for the next school year.

*Compensated Absences*

District employees accumulate a limited amount of earned but unused vacation and sick leave. The District's policy is to not reimburse for sick leave or vacation. Vacation can only be used by the employee in the year it is earned. The District has no compensated absences liability as of June 30, 2024.

*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. Termination benefits liability has been paid primarily by the nonmajor governmental management levy fund.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

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

*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 and business-type activities will be paid primarily by the general fund and the enterprise fund-school nutrition fund.

*Total OPEB Liability*

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

*Deferred Inflows of Resources*

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

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, income surtax and unrecognized items not yet charged to pension and OPEB expense.

*Fund Balance*

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 are imposed by law through constitutional provisions or enabling legislation.

Unassigned - is the remaining fund balance, which is not included in other restricted classifications.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

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

*Net Position*

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

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

Restricted net position consists of net position with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position. Restricted net position is used first when an expense is incurred for purposes for both restricted and unrestricted net position.

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

*Budgets and Budgetary Accounting*

The budgetary comparison and related disclosures are reported as required supplementary information. During the year ended June 30, 2024, expenditures exceeded the amounts budgeted in the non-instructional programs and other expenditures functions.

*Management Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2024 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.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

NOTES TO FINANCIAL STATEMENTS

3. Due from Other Governments

Due from other governments consist of the following at June 30, 2024:

<b>Governmental:</b>	
<b>General fund:</b>	
Open enrollment	\$ 69,412
Title I	57,387
Non-public transportation	17,129
Sharing agreements	155,698
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER III)	16,721
Special Education Grants	9,484
Income surtax	521,075
Other	8,207
	855,113
<b>Capital projects funds:</b>	
Statewide sales, services and use tax	112,732
	44,817
<b>Business-type activities:</b>	
School nutrition fund	44,817
	44,817
<b>Total due from other governments</b>	<b>\$ 1,012,662</b>

4. Keystone AEA Lease Receivable

The District entered into a two-year lease agreement to rent a building to Keystone AEA. The District is to receive \$700 in building rent monthly with an imputed rate of 4.5%. The following is a schedule by year of future minimum lease payments and the present value of net minimum lease payments following June 30, 2024.

Year Ending June 30,	Total
2025	\$ 7,700
2026	9,100
	16,800
<b>Total minimum lease payments</b>	<b>16,800</b>
<b>Less amount representing interest</b>	<b>(765)</b>
	<b>16,035</b>
<b>Present value of net minimum lease payments</b>	<b>\$ 16,035</b>

5. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2024 is as follows:

	Transfers In	Transfers Out
General fund	\$ 48,102	\$ 17,479
<b>Capital projects fund:</b>		
Statewide sales, services and use tax		592,036
Debt service fund	609,515	
Nonmajor governmental - capital projects funds		
Construction fund		48,102
	<b>657,617</b>	<b>657,617</b>
<b>Total</b>	<b>\$ 657,617</b>	<b>\$ 657,617</b>

Transfers from the statewide sales, services and use tax to the debt service fund were to move resources to help pay bond expenses. Transfers from general fund to the debt service fund were to help pay for lease payments. Transfer from the construction fund to the general fund is to close out the fund.

NOTES TO FINANCIAL STATEMENTS

6. Capital Assets

Capital assets activity for the governmental activities for the year ended June 30, 2024 is as follows.

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
<b>Governmental activities:</b>				
Land	\$ 463,720			\$ 463,720
Construction in progress	195,152		\$ 195,152	-
Total capital assets not being depreciated	658,872	\$ -	195,152	463,720
<b>Capital assets being depreciated:</b>				
Land improvements	1,615,197	749,323		2,364,520
Buildings	30,823,948	464,541		31,288,489
Furniture and equipment	6,357,865	195,001		6,552,866
Total capital assets being depreciated	38,797,010	1,408,865	-	40,205,875
<b>Less accumulated depreciation for:</b>				
Land improvements	991,379	105,250		1,096,629
Buildings	13,126,013	1,611,523		14,737,536
Furniture and equipment	5,632,456	253,304		5,885,760
Total accumulated depreciation	19,749,848	1,970,077	-	21,719,925
Total capital assets being depreciated, net	19,047,162	(561,212)	-	18,485,950
<b>Intangible right-to-use assets:</b>				
Leased equipment	81,778			81,778
Less accumulated amortization	42,802	16,905		59,707
Intangible right-to-use assets, net	38,976	(16,905)	-	22,071
Intangible right-to-use subscription	35,214	47,991		83,205
Less accumulated amortization	11,738	11,738		23,476
Intangible right-to-use subscription, net	23,476	36,253	-	59,729
<b>Governmental activities:</b>				
Capital assets, net	\$ 19,768,486	\$ (541,864)	\$ 195,152	\$ 19,031,470

Capital assets activity for the business-type activities for the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
<b>Business-type activities:</b>				
Furniture and equipment	\$ 140,626			\$ 140,626
Less accumulated depreciation	103,381	\$ 5,670		109,051
Business-type activities:				
Capital assets, net	\$ 37,245	\$ (5,670)	\$ -	\$ 31,575

NOTES TO FINANCIAL STATEMENTS

6. Capital Assets (Continued)

Depreciation/amortization expense was charged to the governmental functions of the District as follows:

<b>Governmental activities:</b>	
<b>Instruction:</b>	
Regular	\$ 56,706
Special	2,693
Other	24,797
<b>Support services:</b>	
Administration	30,364
Operation and maintenance plant services	29,422
Transportation services	136,108
Unallocated depreciation/amortization	1,718,630
<b>Total depreciation/amortization expense:</b>	
Governmental activities	\$ 1,998,720
<b>Business-type activities:</b>	
Food services	\$ 5,670

7. Long-term Debt Obligations

Long-term liability activity for the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
<b>Governmental activities:</b>					
<b>Bonds:</b>					
General obligation bonds	\$ 15,120,000		\$ 1,340,000	\$ 13,780,000	\$ 835,000
Tax revenue bonds	1,123,000		219,000	904,000	220,000
Total	16,243,000	\$ -	1,559,000	14,684,000	1,055,000
<b>Other liabilities:</b>					
Termination benefits	12,110		12,110	-	
Right-to-use agreements	39,614		16,917	22,697	16,937
IT subscription liability	23,214	47,991	28,110	43,095	27,107
Total other liabilities	74,938	47,991	57,137	65,792	44,044
<b>Governmental activities:</b>					
Long-term liabilities	\$ 16,317,938	\$ 47,991	\$ 1,616,137	\$ 14,749,792	\$ 1,099,044

Bond Indebtedness

\$7,045,000 General Obligation School Bonds, Series 2017 due annually in varying installments June 1, 2025 through June 1, 2035 plus interest semiannually with interest rate of 2.25% to 3.25%.

\$6,735,000 General Obligation School Bonds, Series 2018 due annually in varying installments June 1, 2025 through June 1, 2038 plus interest semiannually with interest rate of 3.00% to 3.60%.

\$904,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2022 with principal due July 1, 2024 through June 1, 2028 plus interest semiannually with interest rate of 1.25%.

NOTES TO FINANCIAL STATEMENTS

7. Long-term Debt Obligations (Continued)

Bond Indebtedness (Continued)

Interest costs incurred and charged to expenses was \$482,253 for the year ended June 30, 2024. A summary of the bond principal and interest maturities is as follows:

Year Ending June 30,	Governmental Activities					
	General Obligation Bonds		Tax Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 835,000	\$ 428,922	\$ 220,000	\$ 11,300	\$ 1,055,000	\$ 440,222
2026	860,000	407,284	222,000	8,550	1,082,000	415,834
2027	880,000	383,834	228,000	5,776	1,108,000	389,610
2028	910,000	359,834	234,000	2,926	1,144,000	362,760
2029	935,000	332,534			935,000	332,534
2030 - 2034	5,145,000	1,217,348			5,145,000	1,217,348
2035 - 2039	4,215,000	344,348			4,215,000	344,348
<b>Total</b>	<b>\$ 13,780,000</b>	<b>\$ 3,474,104</b>	<b>\$ 904,000</b>	<b>\$ 28,552</b>	<b>\$ 14,684,000</b>	<b>\$ 3,502,656</b>

The District has pledged future statewide sales, services and use tax revenue to repay the bonds issued in February 2022. The bonds were issued for the purpose of refinancing the Series 2013 Bond which was issued for the purpose of financing school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenue received by the District and is 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 is expected to require nearly 19% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$932,552. For the current year, principal of \$219,000 and interest of \$14,038 was paid on the bonds and total statewide sales, services and use tax revenue was \$1,225,147.

The resolution providing for the issuance of the School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2022 includes the provision that all proceeds from the statewide sales, services and use tax shall be placed in a revenue account.

The District complied with all of the revenue bond provisions during the year ended June 30, 2024.

At June 30, 2024, the debt issued by the District did not exceed its legal debt margin compiled as follows:

Total assessed valuation	<u>\$ 789,093,682</u>
Debt limit - 5% of total assessed valuation	\$ 39,454,684
Debt applicable to debt limit:	
General obligation:	
Bonded debt outstanding	(14,684,000)
Right-to-use agreements	(22,697)
IT subscription liability	<u>(43,095)</u>
Legal debt margin	<u>\$ 24,704,892</u>



7. Long-term Debt Obligations (Continued)

Termination Benefits

The District did not offer a voluntary early retirement plan to its certified employees for the year ended June 30, 2024. However, the District had remaining commitments from early retirement plans offered on occasion in previous years. Two 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 2018 offering are receiving \$500/month deposited into an HRA for five years or until 65, whichever occurs first.

Actual termination benefits expenditures for the year ended June 30, 2024 totaled \$12,110.

Right-to-Use Agreements

On November 25, 2020, the District entered into a lease agreement for a copier. An initial lease liability was recorded in the amount of \$72,535. The agreement requires monthly payments of \$1,413 for the years ending June 30, 2025 through 2026, with an imputed interest rate of 1.4% and the final payment due November 28, 2025. During the year ended June 30, 2024, principal and interest paid were \$16,917 and \$40, respectively.

The following is a schedule by year of future minimum lease payments following June 30, 2024.

Year Ending June 30,	Principal	Interest	Total
2025	\$ 16,937	\$ 19	\$ 16,956
2026	5,760	2	5,762
Total	\$ 22,697	\$ 21	\$ 22,718

IT Subscription Liability

On August 2, 2022, the District entered into an IT subscription license and services information technology agreement with Imagine Learning for eLearning Program. An initial IT subscription liability was recorded in the amount of \$35,214. The agreement requires annual payments of \$12,000 over three years with an initial payment made August 2, 2022 for \$12,000, with an interest rate of 2.3% and final payment due August 2, 2024. During the year ended June 30, 2024, principal paid was \$12,000.

On August 1, 2023, the District entered into an IT subscription license and services information technology agreement with Achieve3000 for eLearning Program. An initial IT subscription liability was recorded in the amount of \$29,016. The agreement requires annual payments of \$10,057 over three years with an initial payment made August 2, 2023 for \$10,057, with an interest rate of 4.0% and final payment due August 1, 2025.

On September 1, 2023, the District entered into an IT subscription license and services information technology agreement with Frontline Tech for eLearning Program. An initial IT subscription liability was recorded in the amount of \$18,975. The agreement requires annual payments of \$6,575 over three years with an initial payment made September 1, 2023 for \$6,575, with an interest rate of 4.0% and final payment due September 1, 2025. During the year ended June 30, 2024, principal paid was \$28,100.

Future principal and interest lease payments as of June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 27,107	\$ 1,524	\$ 28,631
2026	15,988	644	16,632
Total	\$ 43,095	\$ 2,168	\$ 45,263

## 8. 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](http://www.ipers.org).

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

### *Pension Benefits*

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

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

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

NOTES TO FINANCIAL STATEMENTS

8. Pension Plan (Continued)

*Contributions (Continued)*

In fiscal year 2024, 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, 2024 totaled \$779,062.

*Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2024, the District reported a net pension liability of \$3,917,292 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total net 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, 2023, the District's proportion was 0.086787%, which was an increase of 0.005933% over its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$307,197. At June 30, 2024, 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	\$ 331,408	\$ 16,101
Changes of assumptions	266	328
Net difference between projected and actual earnings on IPERS' investments	362,839	
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	381,385	610,822
District contributions subsequent to the measurement date	779,062	
<b>Total</b>	<b>\$ 1,854,960</b>	<b>\$ 627,251</b>

\$779,062 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2025	\$ (188,168)
2026	(421,690)
2027	835,654
2028	177,536
2029	45,315
<b>Total</b>	<b>\$ 448,647</b>

There were no non-employer contributing entities to IPERS.

8. Pension Plan (Continued)

*Actuarial Assumptions*

The total net pension liability in the June 30, 2023 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, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
Total	100.0%	

*Discount Rate*

The discount rate used to measure the total net 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 net pension liability.

8. Pension Plan (Continued)

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, 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 (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension liability	\$ 8,329,35	\$ 3,917,292	\$ 220,178

*IPERS' Fiduciary Net Position*

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

*Payables to IPERS*

At June 30, 2024, the District had no payables to report for the defined benefit pension plan for legally required District contributions and legally required employee contributions, which had been withheld from employee wages but not yet remitted to IPERS.

9. 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 medical and dental plans are eligible to continue healthcare benefits upon retirement after attaining at least age 55. Coverage during retirement continues in the group medical and dental plans up to age 65. The group medical benefits are provided through a fully insured plan with partial self-funding to a lower deductible. Retirees covered by the plan make contributions toward the plan premiums.

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

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	163
Total	171

*Total OPEB Liability*

The District's total OPEB liability of \$700,049 was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023.

NOTES TO FINANCIAL STATEMENTS

---

9. Other Postemployment Benefits (OPEB) (Continued)

*Actuarial Assumptions*

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2024)	3.00% per annum.
Rates of salary increase (effective June 30, 2024)	3.25% per annum, based on general wage growth assumption of IPERS actuarial valuation.
Discount rate (effective June 30, 2024)	3.65% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2024)	6.50% initial rate decreasing by .25% annually to an ultimate rate of 5.00%.

*Discount Rate*

The discount rate used to measure the total OPEB liability was 3.65% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

*Changes in the Total OPEB Liability*

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 831,842
Changes for the year:	
Service cost	73,973
Interest cost	25,503
Changes in assumptions	(86,794)
Difference between expected and actual experiences	(96,132)
Benefit payments	(48,343)
Net change	(131,793)
Total OPEB liability end of year	\$ 700,049

Changes of assumptions reflect a change in the discount rate of 2.14% in fiscal year 2023 to 3.65% in fiscal year 2024.

NOTES TO FINANCIAL STATEMENTS

9. Other Postemployment Benefits (OPEB) (Continued)

*Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.65%) or 1% higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 760,740	\$ 700,049	\$ 644,531

*Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

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

	1% Decrease (5.50%)	Healthcare Cost Trend Rate (6.50%)	1% Increase (7.50%)
Total OPEB liability	\$ 624,878	\$ 700,049	\$ 790,053

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2024, the District recognized OPEB expense of \$75,457. At June 30, 2024, 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
Difference between expected and actual experiences	\$ 47,583	\$ 243,078
Changes in assumptions	61,786	94,472
<b>Total</b>	<b>\$ 109,369</b>	<b>\$ 337,550</b>

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

Year Ending June 30,	Amount
2025	\$ (24,019)
2026	(24,019)
2027	(24,019)
2028	(20,209)
2029	(18,576)
Thereafter	(117,339)
<b>Total</b>	<b>\$ (228,181)</b>

10. Employee Insurance Plan

Monthly payments of service fees and plan contributions are recorded as expenditures in the general fund at the time of payment to the Northeast Iowa Schools Insurance Trust (trust) maintained by Midwest Group Benefits Consultants, Inc. The trust offers 3 Blue Choice, and 3 Blue Choice HMO plans to the member schools. Deductibles and out of pocket maximums vary with each of the plans.

The District may be contingently liable for any claims in excess of funds available at June 30, 2024, since the pool arrangement allows the trust to make additional assessments to members. The District's share of the trust's liability for any unreported claim or assessment on June 30, 2024 was unavailable as of February 28, 2025. The District's contributions to the trust for the years ended June 30, 2024, 2023, and 2022 were \$1,678,704, \$1,543,412, and \$1,556,179, respectively, which equaled the required contributions each year. The District and employees paid \$31,098 and \$33,715, respectively, in dental insurance for the year ended June 30, 2024.

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, 2024, no liability has been recorded in the District's financial statements. As of June 30, 2024, settled claims have not exceeded the risk pool or reinsurance company coverage.

11. Flexible Fringe Benefit Plan

The District sponsors a flexible fringe benefit plan as a part of its contractual obligation with its employees. The benefit available under the plan is insurance and dependent care. Participating employees can choose among medical and dental insurance, health insurance, HSA, vision, and dependent care. The District contributes \$801 for teachers and \$767 for support staff, excluding administration, per month. The difference between the District's contribution and the amount of programs selected by the employee is added or subtracted from the employee's salary. There were 32 participants in the plan for the year ended June 30, 2024.

12. Risk Management

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.

13. 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 \$460,527 for the year ended June 30, 2024 and is recorded in the general fund by making a memorandum adjusting entry to the cash basis financial statements.

14. Contingencies

a. Grant Funding

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2024, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

b. Insurance Plan

As discussed in Note 10, the District is contingently liable for any unreported claim or assessment in excess of their balance in the insurance pool.



NOTES TO FINANCIAL STATEMENTS

15. Commitments

The total outstanding construction and other commitments of the District at June 30, 2024 amounted to \$233,873 and commitments to be reimbursed is \$0.

16. 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, 2024.

Program	Amount
Talented and Gifted Program	\$ 27,165
Professional Development Early Childhood	1,029
Textbook Aid for Nonpublic Students	3,040
Successful Progression for Early Readers	81,010
Teacher Leadership State Aid	62,428
Early Intervention Supplement	57,930
Drop Out	31,830
Teacher Salary Supplement	23,095
At Risk	6,884
Teacher Development Academies	1,474
Professional Development Supplement	27,771
Total	\$ 323,656

17. Net Position Deficit/Fund Balance Deficit

The governmental unrestricted fund has a deficit net position as of June 30, 2024. This deficit was incurred due to the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*.

The student activity - special revenue fund has a deficit unassigned fund balance as of June 30, 2024. This deficit was incurred due to receiving less revenue to the various athletic events.

18. 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. Additionally, the City of New Hampton offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

18. Tax Abatements (Continued)

Property tax revenues of the District were reduced by the following amount for the year ended June 30, 2024 under agreements entered into by the following entity:

Entity	Tax Abatement Program	Amount of Tax Abated
City of New Hampton	Urban renewal and economic development projects	\$ 93,500

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, 2024, this reimbursement amounted to \$57,218.

19. Change in Area Education Agency Funding

The Governor signed House File 2612 on March 27, 2024, which changes the percentage of educational and media services funding generated through local property taxes by Districts which flow through to each Area Education Agency (AEA) beginning July 1, 2024. For fiscal year 2025, 40% of the educational and media services funds generated by Districts will continue to flow through to each AEA, while 60% of the funding will be retained by the District that generated the funds.

20. Subsequent Events

Management has evaluated subsequent events through February 28, 2025, the date on which the financial statements were available to be issued.

**Required Supplementary Information**

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
For the Year Ended June 30, 2024

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
<b>REVENUES</b>						
Local sources	\$ 8,717,138	\$ 343,591	\$ 9,060,729	\$ 8,304,920	\$ 8,304,920	\$ 755,809
State sources	7,500,150	4,381	7,504,531	7,273,379	7,273,379	231,152
Federal sources	1,092,051	444,247	1,536,298	1,469,686	1,469,686	66,612
<b>Total revenues</b>	<b>17,309,339</b>	<b>792,219</b>	<b>18,101,558</b>	<b>17,047,985</b>	<b>17,047,985</b>	<b>1,053,573</b>
<b>EXPENDITURES/EXPENSES</b>						
Instruction	9,976,897		9,976,897	10,098,793	10,448,793	471,896
Support services	5,113,873		5,113,873	5,756,327	5,756,327	642,454
Non-instructional programs		858,705	858,705	791,037	791,037	(67,668)
Other expenditures	3,471,725		3,471,725	2,657,028	3,107,028	(364,697)
<b>Total expenditures/expenses</b>	<b>18,562,495</b>	<b>858,705</b>	<b>19,421,200</b>	<b>19,303,185</b>	<b>20,103,185</b>	<b>681,985</b>
<b>(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES/EXPENSES</b>	<b>(1,253,156)</b>	<b>(66,486)</b>	<b>(1,319,642)</b>	<b>(2,255,200)</b>	<b>(3,055,200)</b>	<b>1,735,558</b>
<b>OTHER FINANCING SOURCES (USES), NET</b>	<b>49,671</b>	<b>-</b>	<b>49,671</b>	<b>607,530</b>	<b>607,530</b>	<b>(557,859)</b>
<b>Change in balances</b>	<b>(1,203,485)</b>	<b>(66,486)</b>	<b>(1,269,971)</b>	<b>(1,647,670)</b>	<b>(2,447,670)</b>	<b>1,177,699</b>
<b>FUND BALANCES, beginning of year</b>	<b>5,544,349</b>	<b>311,313</b>	<b>5,855,662</b>	<b>4,339,330</b>	<b>4,339,330</b>	<b>1,516,332</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 4,340,864</b>	<b>\$ 244,827</b>	<b>\$ 4,585,691</b>	<b>\$ 2,691,660</b>	<b>\$ 1,891,660</b>	<b>\$ 2,694,031</b>

See Notes to Required Budgetary Information and Independent Auditor's Report.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
For the Year Ended June 30, 2024

---

This budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except the custodial fund. 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 budget expenditures by \$800,000.

During the year ended June 30, 2024, expenditures exceeded the amounts budgeted in the non-instructional programs and other expenditures functions.

See Independent Auditor's Report.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
For the Last Ten Years\*  
(In Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.086787%	0.080854%	0.035578%	0.089799%	0.102408%	0.081623%	0.093576%	0.090771%	0.092339%	0.095281%
District's proportionate share of the net pension liability	\$ 3,917	\$ 3,055	\$ 123	\$ 6,308	\$ 5,930	\$ 5,165	\$ 6,233	\$ 5,712	\$ 4,562	\$ 3,779
District's covered payroll	\$ 7,620	\$ 6,507	\$ 7,111	\$ 7,127	\$ 7,794	\$ 6,135	\$ 6,985	\$ 6,514	\$ 6,326	\$ 6,233
District's proportionate share of the net pension liability as a percentage of its covered payroll	51.40%	46.95%	1.73%	88.51%	76.08%	84.19%	89.23%	87.69%	72.12%	60.63%
IPERS' net position as a percentage of the total pension liability	90.13%	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

See Notes to Required Pension Liability Information and Independent Auditor's Report.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 For the Last Ten Years  
 (In Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 777	\$ 719	\$ 614	\$ 671	\$ 673	\$ 736	\$ 548	\$ 624	\$ 582	\$ 565
Contributions in relation to the statutorily required contribution	(777)	(719)	(614)	(671)	(673)	(736)	(548)	(624)	(582)	(565)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 8,227	\$ 7,620	\$ 6,507	\$ 7,111	\$ 7,127	\$ 7,794	\$ 6,130	\$ 6,980	\$ 6,510	\$ 6,320
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	8.94%	8.94%	8.94%	8.94%

See Notes to Required Pension Liability Information and Independent Auditor's Report.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
For the Year Ended June 30, 2024

---

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

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

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

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

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

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

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

See Independent Auditor's Report.



NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES  
 For the Last Seven Years

	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 73,973	\$ 73,929	\$ 71,602	\$ 64,942	\$ 62,898	\$ 43,661	\$ 73,381
Interest cost	25,503	18,125	17,425	31,342	30,189	26,644	25,140
Difference between expected and actual experiences	(86,794)		(204,459)		83,094		
Changes in assumptions	(96,132)		80,453		3,426		(36,154)
Benefit payments	(48,343)	(66,422)	(50,869)	(69,517)	(54,938)	(60,546)	(17,202)
Net change in total OPEB liability	(131,793)	25,632	(85,848)	26,767	124,669	9,759	45,165
Total OPEB liability beginning of year	831,842	806,210	892,058	865,291	740,622	730,863	796,180
Total OPEB liability end of year	<u>\$ 700,049</u>	<u>\$ 831,842</u>	<u>\$ 806,210</u>	<u>\$ 892,058</u>	<u>\$ 865,291</u>	<u>\$ 740,622</u>	<u>\$ 841,345</u>
Covered-employee payroll	\$ 8,110,217	\$ 7,453,697	\$ 7,219,077	\$ 6,949,113	\$ 6,730,376	\$ 6,514,571	\$ 6,573,311
Total OPEB liability as a percentage of covered-employee payroll	8.63%	11.16%	11.17%	12.84%	12.86%	11.37%	12.80%

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

*Changes in Benefit Terms:*

There were no significant changes in benefit terms.

*Changes in Assumptions:*

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

Year Ended June 30, 2024	3.65%
Year Ended June 30, 2023	2.14%
Year Ended June 30, 2022	2.14%
Year Ended June 30, 2021	3.50%
Year Ended June 30, 2020	3.50%
Year Ended June 30, 2019	3.58%
Year Ended June 30, 2018	3.56%
Year Ended June 30, 2017	2.92%

See Independent Auditor's Report.

**Other Supplementary Information**

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2024

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Funds
<b>ASSETS</b>			
Cash and pooled investments	\$ 790,140	\$ 150,769	\$ 940,909
Receivables:			
Property tax:			
Delinquent	2,785	1,184	3,969
Succeeding year	700,000	195,313	895,313
Accounts	557		557
Due from other funds	1,509		1,509
	<u>1,494,991</u>	<u>347,266</u>	<u>1,842,257</u>
Total assets	<u>\$ 1,494,991</u>	<u>\$ 347,266</u>	<u>\$ 1,842,257</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,759	\$ 1,790	\$ 3,549
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	700,000	195,313	895,313
	<u>700,000</u>	<u>195,313</u>	<u>895,313</u>
Fund balances:			
Restricted for:			
Management levy purposes	506,854		506,854
Student activities	289,080		289,080
Physical plant and equipment		150,163	150,163
Scholarship	5,500		5,500
Unassigned deficit	(8,202)		(8,202)
	<u>793,232</u>	<u>150,163</u>	<u>943,395</u>
Total fund balances	<u>793,232</u>	<u>150,163</u>	<u>943,395</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,494,991</u>	<u>\$ 347,266</u>	<u>\$ 1,842,257</u>

See Independent Auditor's Report.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2024

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Funds
<b>REVENUES</b>			
Local sources:			
Property taxes	\$ 449,903	\$ 190,310	\$ 640,213
Other	615,098	10,179	625,277
State sources	8,802	3,651	12,453
<b>Total revenues</b>	<b>1,073,803</b>	<b>204,140</b>	<b>1,277,943</b>
<b>EXPENDITURES</b>			
Current:			
Instruction:			
Other	571,520		571,520
Support services:			
Student		13,623	13,623
Instructional staff		20,954	20,954
Administration	15,442		15,442
Operation and maintenance plant	397,219	21,654	418,873
Transportation	53,996	161,254	215,250
Other:			
Facilities acquisition		127,815	127,815
<b>Total expenditures</b>	<b>1,038,177</b>	<b>345,300</b>	<b>1,383,477</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>35,626</b>	<b>(141,160)</b>	<b>(105,534)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers out	-	(48,102)	(48,102)
<b>Change in fund balances</b>	<b>35,626</b>	<b>(189,262)</b>	<b>(153,636)</b>
<b>FUND BALANCES, beginning of year</b>	<b>757,606</b>	<b>339,425</b>	<b>1,097,031</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 793,232</b>	<b>\$ 150,163</b>	<b>\$ 943,395</b>

See Independent Auditor's Report.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2024

	Management Levy	Student Activity	Scholarship	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>				
Cash and pooled investments	\$ 504,224	\$ 280,416	\$ 5,500	\$ 790,140
Receivables:				
Property tax:				
Delinquent	2,785			2,785
Succeeding year	700,000			700,000
Accounts receivable		557		557
Due from other funds		1,509		1,509
	<u>1,207,009</u>	<u>282,482</u>	<u>5,500</u>	<u>1,494,991</u>
<b>Total assets</b>	<b>\$ 1,207,009</b>	<b>\$ 282,482</b>	<b>\$ 5,500</b>	<b>\$ 1,494,991</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 155	\$ 1,604	\$ -	\$ 1,759
<b>Deferred inflows of resources:</b>				
Unavailable revenues:				
Succeeding year property tax	700,000	-	-	700,000
	<u>700,000</u>	<u>-</u>	<u>-</u>	<u>700,000</u>
<b>Fund balances:</b>				
Restricted	506,854	289,080	5,500	801,434
Unassigned deficit		(8,202)		(8,202)
	<u>506,854</u>	<u>280,878</u>	<u>5,500</u>	<u>793,232</u>
<b>Total fund balances</b>	<b>506,854</b>	<b>280,878</b>	<b>5,500</b>	<b>793,232</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,207,009</b>	<b>\$ 282,482</b>	<b>\$ 5,500</b>	<b>\$ 1,494,991</b>

See Independent Auditor's Report.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 For the Year Ended June 30, 2024

	Management Levy	Student Activity	Scholarship	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>				
Local sources:				
Local property tax	\$ 449,903			\$ 449,903
Other	24,749	\$ 586,087	\$ 4,262	615,098
State sources	8,802			8,802
<b>Total revenues</b>	<b>483,454</b>	<b>586,087</b>	<b>4,262</b>	<b>1,073,803</b>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Other	86,492	481,028	4,000	571,520
Support services:				
Administration	15,442			15,442
Operation and maintenance plant	397,219			397,219
Transportation	53,996			53,996
<b>Total expenditures</b>	<b>553,149</b>	<b>481,028</b>	<b>4,000</b>	<b>1,038,177</b>
<b>Change in fund balances</b>	<b>(69,695)</b>	<b>105,059</b>	<b>262</b>	<b>35,626</b>
<b>FUND BALANCES, beginning of year</b>	<b>576,549</b>	<b>175,819</b>	<b>5,238</b>	<b>757,606</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 506,854</b>	<b>\$ 280,878</b>	<b>\$ 5,500</b>	<b>\$ 793,232</b>

See Independent Auditor's Report.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND  
STUDENT ACTIVITY ACCOUNTS  
For the Year Ended June 30, 2024

	Balance June 30, 2023	Revenues and Transfers	Expenditures and Transfers	Balance June 30, 2024
Drama	\$ 6,158	\$ 4,000	\$ 858	\$ 9,300
Speech	1,212	1,104	637	1,679
High School Vocal	1,055	926	579	1,402
High School Instrumental Music	1,681	2,088	1,659	2,110
Middle School Vocal Music	-	731	416	315
Middle School Music	1,744	1,331	1,485	1,590
Middle School Musical	7,877	2,238	1,320	8,795
Swing Choir	432			432
High School Cheerleaders	6,534	8,854	11,996	3,392
Trapshooting	29,909	167,372	91,800	105,481
Positive Fund Balance	-	850		850
General Athletics	3,976	135,072	147,250	(8,202)
Sports Camps	37,692	27,577	31,302	33,967
GSA	38			38
National Honor Society	1,075	11,836	11,431	1,480
High School Annual	7,476	5,970	4,889	8,557
Art Club	263	109		372
AFS	3,504			3,504
FFA	1,896	96,999	91,978	6,917
FCCLA	-	14,966	12,583	2,383
SADD	2,867			2,867
Student Senate	4,225	641	2,403	2,463
Interact Rotary	343		78	265
Activity Tickets	5,716	11,840	4,567	12,989
Lettermen	15,203	11,010	15,735	10,478
Letterette	1,692	364	1,134	922
State Senate Vending	12,788	51,420	21,372	42,836
Miscellaneous	950	2,830	2,830	950
Middle School Annual	4,030			4,030
Middle School Business Club	1,099		1,099	-
Middle School Student Senate	3,646	926	532	4,040
Student Assistance	2,639			2,639
Skills USA	-	1,315	209	1,106
Middle School Carnival/Scrip	-	100	100	-
Dance Team	881	11,416	9,651	2,646
Future Business Leaders of America	-	9,557	9,557	-
Class of 2022	244			244
Class of 2023	2,460			2,460
Class of 2024	4,495		2,022	2,473
Class of 2025	6	3,426	337	3,095
Class of 2026	13			13
<b>Total</b>	<b>\$ 175,819</b>	<b>\$ 586,868</b>	<b>\$ 481,809</b>	<b>\$ 280,878</b>

See Independent Auditor's Report.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 June 30, 2024

	Physical Plant and Equipment Levy	Construction	Total Nonmajor Capital Projects Funds
<b>ASSETS</b>			
Cash and pooled investments	\$ 150,769		\$ 150,769
Receivables:			
Property tax:			
Delinquent	1,184		1,184
Succeeding year	195,313		195,313
Total assets	<u>\$ 347,266</u>	<u>\$ -</u>	<u>\$ 347,266</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 1,790	\$ -	\$ 1,790
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	195,313	-	195,313
Fund balances:			
Restricted	150,163	-	150,163
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 347,266</u>	<u>\$ -</u>	<u>\$ 347,266</u>

See Independent Auditor's Report.



NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 For the Year Ended June 30, 2024

	Physical Plant and Equipment Levy	Construction	Total Nonmajor Capital Projects Funds
<b>REVENUES</b>			
Local sources:			
Local property tax	\$ 190,310		\$ 190,310
Other	10,179		10,179
State sources	3,651		3,651
<b>Total revenues</b>	<b>204,140</b>	<b>\$ -</b>	<b>204,140</b>
<b>EXPENDITURES</b>			
Current:			
Support services:			
Student	13,623		13,623
Instructional staff	20,954		20,954
Operation and maintenance plant	21,654		21,654
Transportation	161,254		161,254
Other:			
Facilities acquisition	127,815		127,815
<b>Total expenditures</b>	<b>345,300</b>	<b>-</b>	<b>345,300</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(141,160)</b>	<b>-</b>	<b>(141,160)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers out	-	(48,102)	(48,102)
<b>Change in fund balances</b>	<b>(141,160)</b>	<b>(48,102)</b>	<b>(189,262)</b>
<b>FUND BALANCE, beginning of year</b>	<b>291,323</b>	<b>48,102</b>	<b>339,425</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 150,163</b>	<b>\$ -</b>	<b>\$ 150,163</b>

See Independent Auditor's Report.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUND ACCOUNTS  
For the Year Ended June 30, 2024

---

Account	Net Position Beginning of Year	Additions	Deductions	Net Position End of Year
NEIC	\$ 3,971	\$ 8,331	\$ 9,040	\$ 3,262
Iowa Big North	6,234	525	901	5,858
<b>Total revenues</b>	<b>\$ 10,205</b>	<b>\$ 8,856</b>	<b>\$ 9,941</b>	<b>\$ 9,120</b>

---

See Independent Auditor's Report.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
 COMPARATIVE SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
 ALL GOVERNMENTAL FUNDS  
 For the Years Ended June 30,

	Modified Accrual Basis									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>REVENUES</b>										
Local sources:										
Local property tax	\$ 6,745,880	\$ 6,616,193	\$ 6,382,828	\$ 6,297,043	\$ 6,514,423	\$ 6,325,805	\$ 6,231,364	\$ 5,218,970	\$ 5,207,208	\$ 4,984,762
Tuition	547,811	529,219	705,699	709,402	541,300	568,043	464,355	606,375	402,188	357,263
Other	1,423,447	1,469,342	778,126	551,411	967,551	1,206,101	940,385	784,478	826,028	827,996
Intermediate sources					494				122	7,883
State sources	7,500,150	7,060,530	6,723,484	6,511,871	6,533,172	6,714,969	6,608,402	6,743,535	6,121,949	6,211,976
Federal sources	1,092,051	897,118	1,002,000	829,027	349,849	334,765	334,571	347,658	343,136	263,080
<b>Total revenues</b>	<b>\$ 17,309,339</b>	<b>\$ 16,572,402</b>	<b>\$ 15,592,137</b>	<b>\$ 14,898,754</b>	<b>\$ 14,906,295</b>	<b>\$ 15,150,177</b>	<b>\$ 14,579,077</b>	<b>\$ 13,701,016</b>	<b>\$ 12,900,631</b>	<b>\$ 12,652,960</b>
<b>EXPENDITURES</b>										
Current:										
Instruction:										
Regular	\$ 5,771,416	\$ 5,721,533	\$ 5,354,362	\$ 5,050,693	\$ 4,600,342	\$ 4,580,656	\$ 4,579,206	\$ 4,835,201	\$ 4,631,629	\$ 4,740,312
Special	3,292,158	2,750,786	1,611,198	1,452,239	1,694,927	1,550,545	1,520,451	1,555,584	1,513,996	1,445,875
Other	913,323	1,059,248	2,268,385	2,219,529	2,052,579	2,234,677	2,165,708	1,879,006	1,900,490	2,030,558
Support services:										
Student	357,223	408,267	293,748	125,000	254,195	231,638	170,950	176,504	210,792	191,316
Instructional staff	736,408	749,320	680,993	592,159	635,625	639,423	632,951	667,707	347,110	355,608
Administration	1,386,757	1,319,638	1,233,636	1,206,989	1,361,982	1,340,244	1,365,428	1,310,740	1,276,326	1,201,497
Operation and maintenance plant	1,676,856	1,465,316	1,312,966	1,267,613	1,135,794	1,014,421	1,171,969	1,021,809	1,300,852	968,873
Transportation	956,629	622,247	795,909	427,226	540,256	686,586	685,725	551,986	710,714	526,579
Non-instructional										
Other:										
Facilities acquisition	948,985	477,262	383,459	232,210	4,372,412	10,582,732	4,100,759	1,286,007	332,184	409,146
Long-term debt:										
Principal	1,579,960	1,023,779	2,621,024	1,070,000	915,000	925,000	670,000	170,000	170,000	165,000
Interest and fiscal charges	482,253	521,301	571,871	577,201	595,851	613,732	328,131	60,460	62,245	63,483
AEA flowthrough	460,527	453,320	450,324	442,725	442,297	442,433	441,440	431,416	425,138	426,067
<b>Total expenditures</b>	<b>\$ 18,562,495</b>	<b>\$ 16,572,017</b>	<b>\$ 17,577,875</b>	<b>\$ 14,663,584</b>	<b>\$ 18,601,260</b>	<b>\$ 24,842,087</b>	<b>\$ 17,832,718</b>	<b>\$ 13,946,420</b>	<b>\$ 12,881,476</b>	<b>\$ 12,540,621</b>

See Independent Auditor's Report.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2024

---

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

1. The auditor's report expresses unmodified opinions on whether the financial statements of New Hampton Community School District were prepared in accordance with U.S. generally accepted accounting principles.
2. One significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of New Hampton Community School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One significant deficiency in internal control over the major federal award programs was disclosed by the audit of the financial statements. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for New Hampton Community School District expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no audit findings which are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were as follows:
  - Education Stabilization Fund (ESF):
    - Federal Assistance Listing Number 84.425B:
      - Rethink K-12 Education Models Discretionary Grant (eLearning Central)
    - Federal Assistance Listing Number 84.425W:
      - American Rescue Plan Elementary and Secondary School Emergency Relief Homeless Children and Youth
    - Federal Assistance Listing Number 84.425U:
      - American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER III)
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. New Hampton Community School District did not qualify as a low-risk auditee.

See Independent Auditor's Report.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2024

---

Part II: Findings Related to the Financial Statements:

Instances of noncompliance: no matters were noted.

Internal control deficiency:

Finding 2024-001      Overlapping Duties

**Condition:**            The District's offices are not large enough to permit an adequate segregation of duties for effective internal controls. Management has not separated incompatible activities of personnel, thereby creating risks related to the safeguarding of cash and the accuracy of the financial statements.

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

**Cause:**            The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records.

**Effect:**            This deficiency results in a reasonable possibility that the District would not be able to detect misstatements that would be material in relation to the financial statements and/or federal award programs in a timely period by employees in the normal course of performing their assigned functions.

**Recommendation:**    The District should review the operating procedures of the District offices to obtain the maximum internal control possible under the circumstances utilizing currently available staff. While we do recognize that the District is not large enough to permit a segregation of duties for effective internal controls, we believe it is important the Board be aware that this condition does exist.

**Repeat Finding:**    Yes.

**Views of Responsible  
Officials and Planned**

**Corrective Actions:**    Management is cognizant of this limitation and will implement additional procedures where possible.

See Independent Auditor's Report.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2024

---

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

Instances of noncompliance: no matters were noted.

**Internal control deficiency:**

Education Stabilization Fund (ESF):

Federal Assistance Listing Number 84.425B:

Rethink K-12 Education Models Discretionary Grant (eLearning Central)

Federal Assistance Listing Number 84.425W:

American Rescue Plan Elementary and Secondary School Emergency Relief Homeless Children and Youth

Federal Assistance Listing Number 84.425U:

American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER III)

Federal Award Year: 2024

Passed through the Iowa Department of Education

See 2024-001 above.

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

See management letter dated February 28, 2025.

See Independent Auditor's Report.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2024

Comment Reference	Comment Title	Status	If Not Corrected, Provide Planned Corrective Action or Other Explanation
2023-001 2022-001	Overlapping duties	Partially corrected	District's offices are not large enough to prevent overlapping duties, will implement procedures where possible to obtain maximum internal controls utilizing current staff.

See Independent Auditor's Report.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024

Grantor/Program Title	Federal Assistance Listing Number	Grant Number	Program Expenditures
<b>Indirect:</b>			
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY24	\$ 36,777
National School Lunch Program	10.555	FY24	360,068 *
Summer Food Service Program for Children	10.559	FY24	<u>44,817</u>
Total Child Nutrition Cluster			<u>441,662</u>
Local Food for Schools Cooperative Agreement Program	10.185	FY24	<u>2,585</u>
Total U.S. Department of Agriculture			<u>444,247</u>
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY24	<u>157,511</u>
Career and Technical Education - Basic Grants to States	84.048	FY24	<u>10,641</u>
Supporting Effective Instruction State Grant	84.367	FY24	<u>24,356</u>
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	FY24	<u>44,704</u>
Student Support and Academic Enrichment Program	84.424	FY24	<u>9,484</u>
Education Stabilization Fund (ESF):			
Rethink K-12 Education Models Discretionary Grant (eLearning Central)	84.425B	FY24	6,564
American Rescue Plan Elementary and Secondary School Emergency Relief			
Homeless Children and Youth	84.425W	FY24	6,336
American Rescue Plan Elementary and Secondary School Emergency Relief			
(ARP ESSER III)	84.425U	FY24	<u>568,747</u>
Total Education Stabilization Fund			<u>581,647</u>
Total U.S. Department of Education			<u>828,343</u>
Total Federal Financial Assistance			<u>\$ 1,272,590</u>

\*Includes \$50,551 of non-cash awards.

See Independent Auditor's Report.



NEW HAMPTON COMMUNITY SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024

---

**Basis of Presentation:**

- The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of New Hampton Community School District under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 present the financial position, changes in net position or cash flows of New Hampton Community School District.

**Summary of Significant Accounting Policies:**

- Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Pass-through entity identifying numbers are presented where available.

**Indirect Cost Rate:**

- New Hampton Community School District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**Subrecipients:**

- There were no awards passed through to subrecipients.

See Independent Auditor's Report.



# Hacker Nelson & Co., CPAs

## 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  
New Hampton Community School District  
New Hampton, Iowa

We have audited, in accordance with the 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, 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, 2024, and the related notes to the financial statements, which collectively comprise New Hampton Community School District's basic financial statements and have issued our report thereon dated February 28, 2025.

### Report on 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 statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

### Report on 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 tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

New Hampton Community School District's Response to Finding

*Government Auditing Standards* requires the auditor to perform limited procedures on the New Hampton Community School District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The New Hampton Community School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Hacker, Nelson + Co., CPAs

New Hampton, Iowa  
February 28, 2025



# Hacker Nelson & Co., CPAs

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education  
New Hampton Community School District  
New Hampton, Iowa

### Report on Compliance for Each Major Federal Program

#### Opinion on Each Major Federal Program

We have audited New Hampton Community School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of New Hampton Community School District's major federal programs for the year ended June 30, 2024. New Hampton Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, New Hampton Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### Basis for Opinion on Each Major Federal Program

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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

#### Responsibilities of Management for Compliance

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

### Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding New Hampton Community School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of New Hampton Community School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of New Hampton Community School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

### Report on Internal Control over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

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

**Report on Internal Control over Compliance (Continued)**

*Government Auditing Standards* requires the auditor to perform limited procedures on New Hampton Community School District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. New Hampton Community School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Hacker, Nelson + Co., CPAs

New Hampton, Iowa  
February 28, 2025



# Hacker Nelson & Co., CPAs

## MANAGEMENT LETTER

To the Board of Education  
New Hampton Community School District  
New Hampton, Iowa

In planning and performing our audit of the basic financial statements of New Hampton Community School District for the year ended June 30, 2024, we considered the District's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the District's compliance with certain sections of the Iowa Code, Attorney General's Opinions, and other matters. Items 1 through 13 below are compliance comments required by the Iowa Auditor of State. A separate report dated February 28, 2025, contains our report on the District's internal control over financial reporting. This letter does not affect our report dated February 28, 2025, on the basic financial statements of the New Hampton Community School District. Comment numbers 1, 8, and 14 are unresolved comments from the prior year. All other prior year comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the District's responses and, accordingly, we express no opinion on them.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2024 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.

1. Certified Budget

During the year ended June 30, 2024, expenditures exceeded the amended certified budget in the non-instructional programs and other expenditures functions.

Recommendation

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

Response and Corrective Action Planned

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

Conclusion

Response accepted.

2. Questionable Expenditures

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

3. Travel Expense

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

4. Business Transactions

The District had business transactions between the District and the following District officials or employees. The transactions consisted with the following:

\* Jeanette Laures consisted of total payments to Vern Laures Auto Center of \$12,060. Jeanette Laures' husband is the owner of Vern Laures Auto Center.

\* Chad Pemble consisted of total payments to Screen Prints to Go of \$7,525. Chad Pemble's wife is owner of Screen Prints to Go.

\* Tim Denner consisted of total payments to Mohawk Electric of \$218. Tim Denner is the owner of Mohawk Electric.

\* Austin and Emily Hemesath consist of total payments to H&M Tinting of \$30,929. They are owners of H&M Tinting.

\* In accordance with an Attorney General's Opinion dated November 9, 1976 and Chapter 279.7A of the Code of Iowa, these transactions do not appear to represent any conflict of interest.

5. 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.

6. 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.

7. Board Minutes

We noted no transactions requiring Board approval which had not been approved by the Board. We also noted no minutes and bills that had not been published as required.

8. Certified Enrollment

We noted errors with four students on the District's certified enrollment. Two resident students were missed in the count. One student was funded in the wrong resident district. Another student was open enrolled to another district and should not have been funded for a course taken at the District.

Recommendation

The District should notify the Iowa Department of Education of the errors to get the proper count.

Response and Corrective Action Planned

The District has contacted the Iowa Department of Education.

Conclusion

Response accepted.



9. Supplementary Weighting  
No variances regarding the supplementary weighting data certified to the Iowa Department of Education were noted.
10. Deposits and Investments  
No instances of noncompliance 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.
11. Certified Annual Report  
The Certified Annual Report (CAR) was certified timely to the Iowa Department of Education.
12. Categorical Funding  
No instances were noted of categorical funding being used to supplant rather than supplement other funds.
13. Statewide Sales, Services and Use Tax  
No instances of noncompliance 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, 2024, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 1,107,035
Revenues/transfers in:		
Statewide sales, services and use tax	\$ 1,225,147	
Other local revenue	106,075	1,331,222
Expenditures/transfers out:		
School infrastructure:		
Equipment	267,798	
School infrastructure construction	821,170	
Transfers to debt service fund	592,036	1,681,004
Ending balance		<u>\$ 757,253</u>

For the year ended June 30, 2024, the District reduced the following levies as a result of the moneys received under Chapters 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	\$ 1.00	\$ 592,036
Physical plant and equipment levy (PPEL)	1.07	633,111
Total		<u>\$ 1,225,147</u>

14. Student Activity Fund

For the items tested, no instances of noncompliance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), for moneys in the student activity fund which should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program were noted.

However, as of June 30, 2024, we noted the 2022, 2023 and 2024 senior class had a remaining balance in their student activity accounts. Also, the general athletics account had a deficit balance at June 30, 2024.

Recommendation

The District should investigate alternative uses for the senior class activity accounts upon graduation of that class. The District should continue to investigate alternatives to eliminate the deficit in the general athletics account in order to return the account to a sound financial condition.

Response and Corrective Action Planned

We leave the class accounts in tack for 12 months after in case there are any outstanding bills that need to be paid. We will take care of closing the previous year's account in June instead of July. The District is continuing to investigate alternatives to eliminate deficit in the general athletics account at the end of the fiscal year.

Conclusion

Response accepted.

We have also provided you under separate cover a listing of general steps that you should review and consider implementing to strengthen controls. This list is not all inclusive. You should review all aspects of your operations and implement appropriate controls as deemed necessary. Some of these items may not be applicable or you may have already implemented them.

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

*Hacker, Nelson + Co., CPAs*

New Hampton, Iowa  
February 28, 2025