

NEW HAMPTON COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2020

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New Hampton Community School District

Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|---|--|----------------------------|
| Board of Education (Before November 2019 Election) | | |
| Joe Rosonke | President | 2021 |
| Damian Baltes | Vice President | 2021 |
| Nathaniel Schwickerath | Board Member | 2019 |
| Jay Matthews | Board Member | 2019 |
| Timothy Denner | Board Member | 2021 |
| Board of Education (After November 2019 Election) | | |
| Joe Rosonke | President | 2021 |
| Damian Baltes | Vice President | 2021 |
| Jay Matthews | Board Member | 2023 |
| Nathaniel Schwickerath | Board Member | 2023 |
| Timothy Denner | Board Member | 2021 |
| School Officials | | |
| Jay Jurens | Superintendent | 2020 |
| Bob Ayers | Business Manager/Board Secretary (Resigned August 2019) | 2020 |
| Christy Roethler | Business Manager/Board Secretary (Hired August 2019) | 2020 |
| Swisher & Cohrt, P.L.C | Attorney | 2020 |

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(a professional corporation)
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of New Hampton Community School District as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise New Hampton Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 13, 2021 on our consideration of New Hampton Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering New Hampton Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

May 13, 2021
Newton, Iowa

NEW HAMPTON COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2020 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$11,951,436 in fiscal year 2019 to \$11,859,287 in fiscal year 2020. General Fund expenditures decreased from \$11,391,153 in fiscal year 2019 to \$11,651,523 in fiscal year 2020. The District's General Fund balance increased from \$2,647,252 at June 30, 2019 to \$2,855,016 at June 30, 2020, an increase of 7.85% from the prior year.
- The decrease in General Fund revenues was attributable to decreases in state source revenues. The decrease in expenditures was due primarily to decreased expenditures in the support services functional area.
- The District's total net position decreased from \$5,438,380 June 30, 2019 to \$4,868,278 at June 30, 2020. Total revenues decreased from \$15,668,633 in fiscal year 2019 to \$15,402,602 in fiscal year 2020, a 1.70% decrease, while total expenses decrease from \$17,106,114 in fiscal year 2019 to \$15,972,704 in fiscal year 2020, a 6.63% increase compared to the prior year. The decrease in revenues was due primarily to decreases in charges for service and unrestricted investment earnings compared to the prior year. The decrease in expenses occurred primarily in the instruction function.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

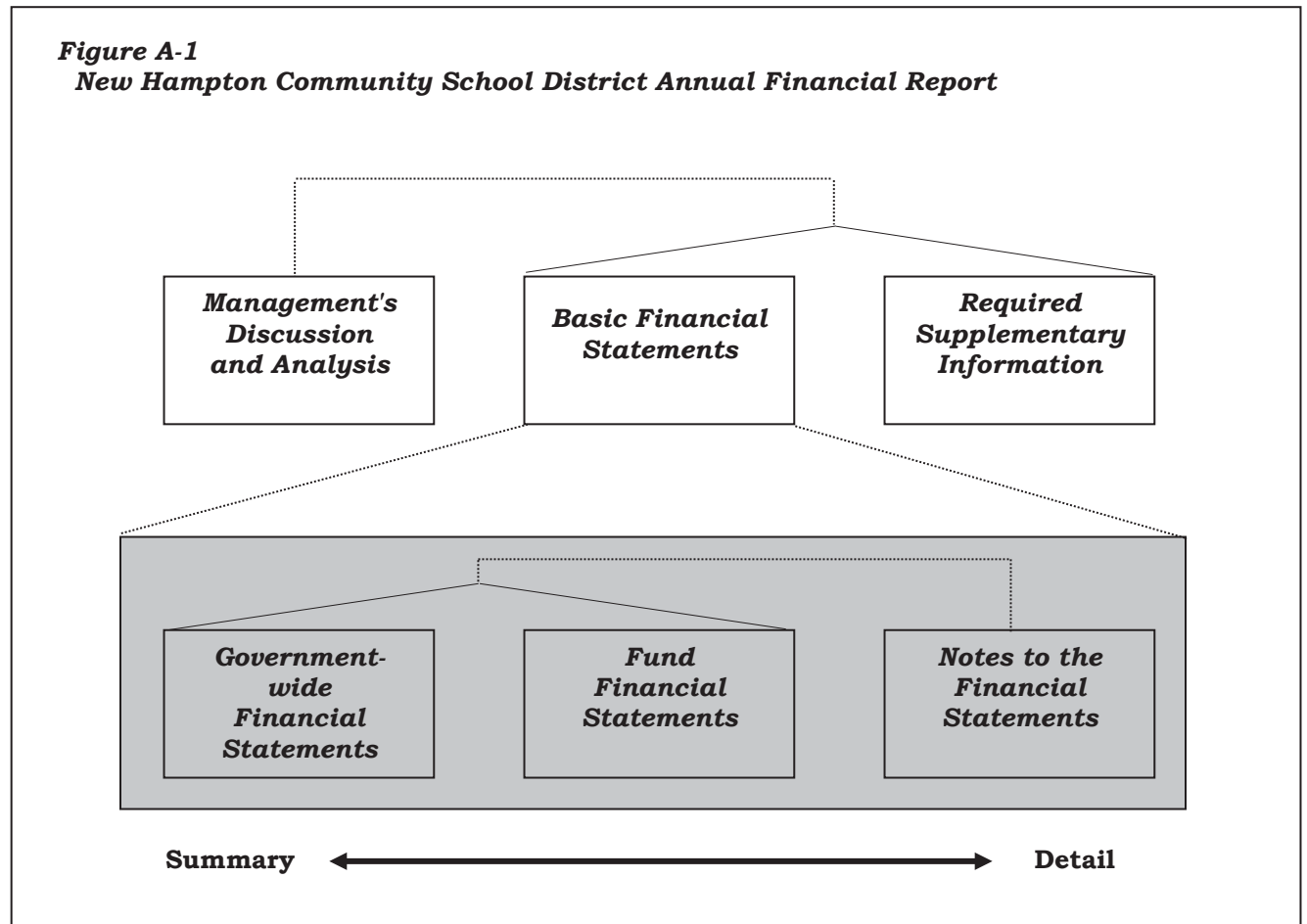


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

The District's internal service fund (another type of proprietary fund) is the same as its governmental activities but provide more detail and additional information, such as cash flows. The District has one internal service fund, the Cafeteria Plan Fund.

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

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Agency Funds.
 - North East Iowa Conference (NEIC) Agency Fund – These are funds that are collected by the District from other schools in the conference and used for the benefit of all Athletic Directors in the conference to attend meetings and pay subsequent expenses.
 - Iowa Big North Agency Fund – Partnership of Charles City, New Hampton, Osage and RRMR School District's to engage students in learning and work with business partners from each community to solve problems.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2020 compared to June 30, 2019.

| Figure A-3 Condensed Statement of Net Position | | | | | | | |
|---|----------------------------|-------------|-----------------------------|---------|-------------------|-------------|-----------------|
| | Governmental Activities | | Business Type Activities | | Total District | | Total Change |
| | June 30, | | June 30, | | June 30, | | June 30, |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2019-20 |
| Current and other assets | \$ 13,120,022 | 17,547,321 | 152,455 | 173,836 | 13,272,477 | 17,721,157 | -25.10% |
| Capital assets | 23,893,523 | 21,212,469 | 27,107 | 21,739 | 23,920,630 | 21,234,208 | 12.65% |
| Total assets | 37,013,545 | 38,759,790 | 179,562 | 195,575 | 37,193,107 | 38,955,365 | -4.52% |
| Deferred outflows of resources | 2,342,196 | 1,552,238 | 63,737 | 41,612 | 2,405,933 | 1,593,850 | 50.95% |
| Long-term liabilities | 25,879,390 | 25,993,511 | 185,938 | 164,140 | 26,065,328 | 26,157,651 | -0.35% |
| Other liabilities | 1,549,874 | 2,029,240 | 42,877 | 29,675 | 1,592,751 | 2,058,915 | -22.64% |
| Total liabilities | 27,429,264 | 28,022,751 | 228,815 | 193,815 | 27,658,079 | 28,216,566 | -1.98% |
| Deferred inflows of resources | 7,036,713 | 6,869,871 | 35,970 | 24,398 | 7,072,683 | 6,894,269 | 2.59% |
| Net position: | | | | | | | |
| Net investment in capital asset | 4,828,523 | 4,252,862 | 27,107 | 21,739 | 4,855,630 | 4,274,601 | 13.59% |
| Restricted | 2,493,765 | 3,270,107 | - | - | 2,493,765 | 3,270,107 | -23.74% |
| Unrestricted | (2,432,524) | (2,103,563) | (48,593) | (2,765) | (2,481,117) | (2,106,328) | -17.79% |
| Total net position | \$ 4,889,764 | 5,419,406 | (21,486) | 18,974 | 4,868,278 | 5,438,380 | -10.48% |

The District's total net position decreased by 10.48%, or \$570,102, from the prior year.

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

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$776,342, or 23.74% from the prior year. The decrease was primarily the result of the decrease in the amount restricted for school infrastructure purposes compared to the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$374,789, or 17.79%. This decrease in unrestricted net position was primarily a result of the increase in the District's OPEB liability.

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

| | Figure A-4 Changes in Net Position | | | | | | |
|---|---------------------------------------|-------------------|-----------------------------|----------------|-------------------|-------------------|-----------------|
| | Governmental Activities | | Business Type Activities | | Total District | | Total Change |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2019-20 |
| Revenues: | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for service | \$ 1,092,939 | 1,223,201 | 189,548 | 252,059 | 1,282,487 | 1,475,260 | -13.07% |
| Operating grants, contributions and restricted interest | 1,178,226 | 1,161,998 | 300,534 | 263,064 | 1,478,760 | 1,425,062 | 3.77% |
| Capital grants, contributions and restricted interest | 161,817 | 95,152 | - | - | 161,817 | 95,152 | 70.06% |
| General revenues: | | | | | | | |
| Property tax | 5,983,791 | 5,834,696 | - | - | 5,983,791 | 5,834,696 | 2.56% |
| Income surtax | 529,759 | 488,782 | - | - | 529,759 | 488,782 | 8.38% |
| Statewide sales, services and use tax | 975,254 | 984,281 | - | - | 975,254 | 984,281 | -0.92% |
| Unrestricted state grants | 4,859,000 | 5,028,098 | - | - | 4,859,000 | 5,028,098 | -3.36% |
| Unrestricted investment earnings | 102,871 | 285,363 | 1,168 | 1,074 | 104,039 | 286,437 | -63.68% |
| Other | 21,765 | 46,279 | 5,930 | 4,586 | 27,695 | 50,865 | -45.55% |
| Total revenues | <u>14,905,422</u> | <u>15,147,850</u> | <u>497,180</u> | <u>520,783</u> | <u>15,402,602</u> | <u>15,668,633</u> | <u>-1.70%</u> |
| Program expenses: | | | | | | | |
| Instruction | 8,625,279 | 10,446,114 | - | - | 8,625,279 | 10,446,114 | -17.43% |
| Support services | 4,138,581 | 4,776,287 | 105 | 5 | 4,138,686 | 4,776,292 | -13.35% |
| Non-instructional programs | - | - | 546,618 | 495,439 | 546,618 | 495,439 | 10.33% |
| Other expenses | 2,662,121 | 1,388,269 | - | - | 2,662,121 | 1,388,269 | 91.76% |
| Total expenses | <u>15,425,981</u> | <u>16,610,670</u> | <u>546,723</u> | <u>495,444</u> | <u>15,972,704</u> | <u>17,106,114</u> | <u>-6.63%</u> |
| Excess (Deficiency) of revenues over (under) expenses | (520,559) | (1,462,820) | (49,543) | 25,339 | (570,102) | (1,437,481) | -60.34% |
| Transfers | (9,083) | - | 9,083 | - | - | - | 0.00% |
| Change in net position | (529,642) | (1,462,820) | (40,460) | 25,339 | (570,102) | (1,437,481) | -60.34% |
| Net position beginning of year | <u>5,419,406</u> | <u>6,882,226</u> | <u>18,974</u> | <u>(6,365)</u> | <u>5,438,380</u> | <u>6,875,861</u> | <u>-20.91%</u> |
| Net position end of year | <u>\$ 4,889,764</u> | <u>5,419,406</u> | <u>(21,486)</u> | <u>18,974</u> | <u>4,868,278</u> | <u>5,438,380</u> | <u>-10.48%</u> |

In fiscal year 2020, local property tax, statewide sales, service and use tax and unrestricted state grants accounted for 79.29% of the revenue from governmental activities while charges for services and operating grants and contributions account for 98.57% of the revenue from business type activities.

The District's total revenues were approximately \$15.40 million of which approximately \$14.91 million was for governmental activities and approximately \$0.49 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a decrease of 1.70% in revenues and a 6.63% decrease in expenses.

Governmental Activities

Revenues for governmental activities were \$14,905,422 and expenses were \$15,425,981 for the year ended June 30, 2020.

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

| | Total Cost of Services | | | Net Cost of Services | | |
|------------------|------------------------|-------------------|-------------------|----------------------|-------------------|-------------------|
| | 2020 | 2019 | Change 2019-20 | 2020 | 2019 | Change 2019-20 |
| Instruction | \$ 8,625,279 | 10,446,114 | -17.43% | 6,877,335 | 8,541,671 | -19.48% |
| Support services | 4,138,581 | 4,776,287 | -13.35% | 3,895,840 | 4,642,812 | -16.09% |
| Other expenses | 2,662,121 | 1,388,269 | 91.76% | 2,219,824 | 945,836 | 134.69% |
| Total | <u>\$ 15,425,981</u> | <u>16,610,670</u> | <u>-7.13%</u> | <u>12,992,999</u> | <u>14,130,319</u> | <u>-8.05%</u> |

For the year ended June 30, 2020:

- The cost financed by users of the District's programs was \$1,092,939.
- Federal and state governments along with local sources subsidized certain programs with grants and contributions totaling \$1,340,043.
- The net cost of governmental activities was financed with \$5,983,791 in property tax, \$529,759 in income surtax, \$975,254 in statewide sales, services and use tax, \$4,859,000 in unrestricted state grants, \$102,871 in interest income and \$21,765 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$497,180 and expenses were \$546,723. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$5,369,769, below last year's ending fund balances of \$9,043,284. The primary reason for the decrease in combined fund balances in fiscal year 2020 is due to the completion of construction project within the District.

Governmental Fund Highlights

- The District's increase in the General Fund financial position the result of many factors. The difference between fiscal year 2020 revenues of \$11,859,287 and expenses of \$11,651,523 resulted in a net increase in fund balance of \$270,764. As a result, the District's General Fund balance increased from \$2,647,252 at June 30, 2019 to \$2,855,016 at June 30, 2020. This represents a 7.85% increase from the prior year.
- The Capital Projects Fund balance decreased from \$5,164,776 at June 30, 2019, to \$1,103,277 at June 30, 2020, a decrease of 78.64% from the prior year. This decrease can be attributed to the completion of construction projects within the District.

- The Debt Service Fund balance increased from \$622,533 at June 30, 2019, to \$664,913 at June 30, 2020. Expenditures decreased while revenues increased slightly resulting in the increase in fund balance.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from \$18,974 June 30, 2019, to a deficit \$21,486 at June 30, 2020, representing a decrease of 213.24%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$214,872 less than budgeted revenues, a variance of 1.38%. The most significant variance resulted from the District receiving less from state sources than originally anticipated.

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

In spite of the District's budgetary practice, expenditures in the other expenditures area exceeded the amount budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had invested \$23,920,630, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$1,908,398.

The original cost of the District's capital assets was approximately \$38.18 million. Governmental funds account for approximately \$38.06 million with the remainder of approximately \$0.12 million in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's building category totaled \$4,287,464 at June 30, 2019 compared to \$22,196,029 reported at June 30, 2020. The change in buildings is due to the completion of the Middle School and Vocational Education addition project that was started in fiscal year 2018.

| Figure A-6 Capital Assets, Net of Depreciation | | | | | | | |
|---|----------------------------|------------|-----------------------------|--------|-------------------|------------|-----------------|
| | Governmental Activities | | Business Type Activities | | Total District | | Total Change |
| | June 30, | | June 30, | | June 30, | | June 30, |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2019-20 |
| Land | \$ 463,720 | 463,720 | - | - | 463,720 | 463,720 | 0.00% |
| Construction in progress | - | 15,149,607 | - | - | - | 15,149,607 | -100.00% |
| Buildings | 22,196,029 | 4,287,464 | - | - | 22,196,029 | 4,287,464 | 417.70% |
| Land improvements | 401,484 | 453,765 | - | - | 401,484 | 453,765 | -11.52% |
| Machinery and equipment | 832,290 | 857,913 | 27,107 | 21,739 | 859,397 | 879,652 | -2.30% |
| Total | \$ 23,893,523 | 21,212,469 | 27,107 | 21,739 | 23,920,630 | 21,234,208 | 12.65% |

Long-Term Debt

At June 30, 2020, the District had \$19,065,000 in revenue bonds, and general obligation bonds outstanding. This represents a decrease of 4.58% from the prior year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had total outstanding revenue bonds of \$1,635,000 at June 30, 2020 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had total outstanding general obligation bonds of \$17,430,000 at June 30, 2020, payable from the Debt Service Fund.

| | Figure A-7 | | |
|--------------------------|-----------------------------------|-------------------|---------------|
| | Outstanding Long-Term Obligations | | |
| | Total District | | Total Change |
| | June 30, | | June 30, |
| | 2020 | 2019 | 2019-20 |
| General obligation bonds | \$ 17,430,000 | 18,170,000 | -4.07% |
| Revenue bonds | 1,635,000 | 1,810,000 | -9.67% |
| Total | <u>\$ 19,065,000</u> | <u>19,980,000</u> | <u>-4.58%</u> |

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Christy Roethler, Business Manager/Board Secretary, New Hampton Community School District, 710 West Main Street, New Hampton, Iowa, 50659.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

| | Governmental Activities | Business Type Activities | Total |
|--|----------------------------|-----------------------------|-------------------|
| Assets | | | |
| Cash and pooled investments | \$ 6,383,239 | 128,313 | 6,511,552 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | 86,225 | - | 86,225 |
| Succeeding year | 5,705,584 | - | 5,705,584 |
| Income surtax | 493,357 | - | 493,357 |
| Accounts | 13,659 | 1,408 | 15,067 |
| Due from other governments | 437,958 | - | 437,958 |
| Inventories | - | 22,734 | 22,734 |
| Capital assets not being depreciated: | | | |
| Land | 463,720 | - | 463,720 |
| Capital assets, net of accumulated depreciation: | | | |
| Buildings and land improvements and machinery and equipment | 23,429,803 | 27,107 | 23,456,910 |
| Total assets | 37,013,545 | 179,562 | 37,193,107 |
| Deferred Outflows of Resources | | | |
| Pension related deferred outflows | 2,265,975 | 60,833 | 2,326,808 |
| OPEB related deferred outflows | 76,221 | 2,904 | 79,125 |
| Total deferred outflows of resources | 2,342,196 | 63,737 | 2,405,933 |
| Liabilities | | | |
| Accounts payable | 162,332 | - | 162,332 |
| Salaries and benefits payable | 1,245,545 | 21,065 | 1,266,610 |
| Advances from grantors | 98,279 | - | 98,279 |
| Accrued interest payable | 43,718 | - | 43,718 |
| Unearned revenue | - | 21,812 | 21,812 |
| Long-term liabilities: | | | |
| Portion due within one year: | | | |
| General obligation bonds | 750,000 | - | 750,000 |
| Revenue bonds | 185,000 | - | 185,000 |
| Termination benefits payable | 75,620 | - | 75,620 |
| Portion due after one year: | | | |
| General obligation bonds | 16,680,000 | - | 16,680,000 |
| Revenue bonds | 1,450,000 | - | 1,450,000 |
| Termination benefits payable | 129,351 | - | 129,351 |
| Net pension liability | 5,775,884 | 154,182 | 5,930,066 |
| Total OPEB liability | 833,535 | 31,756 | 865,291 |
| Total liabilities | 27,429,264 | 228,815 | 27,658,079 |
| Deferred Inflows of Resources | | | |
| Unavailable property tax revenue | 5,705,584 | - | 5,705,584 |
| Pension related deferred inflows | 1,292,853 | 34,512 | 1,327,365 |
| OPEB related deferred inflows | 38,276 | 1,458 | 39,734 |
| Total deferred inflows of resources | 7,036,713 | 35,970 | 7,072,683 |
| Net Position | | | |
| Net investment in capital assets | 4,828,523 | 27,107 | 4,855,630 |
| Restricted for: | | | |
| Categorical funding | 227,701 | - | 227,701 |
| Debt service | 621,195 | - | 621,195 |
| Management levy purposes | 391,679 | - | 391,679 |
| Student activities | 149,913 | - | 149,913 |
| School infrastructure | 951,926 | - | 951,926 |
| Physical plant and equipment | 151,351 | - | 151,351 |
| Unrestricted | (2,432,524) | (48,593) | (2,481,117) |
| Total net position | \$ 4,889,764 | (21,486) | 4,868,278 |

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|----------------------|---------------------------|---|---|--|--------------------------------|---------------------|
| | Expenses | Charges for Service | Contributions and Restricted Interest | Contributions and Restricted Interest | Govern- mental Activities | Business Type Activities | Total |
| Functions/Programs: | | | | | | | |
| Governmental activities: | | | | | | | |
| Instruction: | | | | | | | |
| Regular | \$ 4,621,925 | 497,076 | 224,141 | - | (3,900,708) | - | (3,900,708) |
| Special | 2,319,625 | 55,403 | 109,868 | - | (2,154,354) | - | (2,154,354) |
| Other | 1,683,729 | 540,460 | 320,996 | - | (822,273) | - | (822,273) |
| | <u>8,625,279</u> | <u>1,092,939</u> | <u>655,005</u> | <u>-</u> | <u>(6,877,335)</u> | <u>-</u> | <u>(6,877,335)</u> |
| Support services: | | | | | | | |
| Student | 298,594 | - | - | - | (298,594) | - | (298,594) |
| Instructional staff | 654,669 | - | 19,326 | - | (635,343) | - | (635,343) |
| Administration | 1,435,983 | - | - | - | (1,435,983) | - | (1,435,983) |
| Operation and maintenance of plant | 1,162,345 | - | - | 161,817 | (1,000,528) | - | (1,000,528) |
| Transportation | 586,990 | - | 61,598 | - | (525,392) | - | (525,392) |
| | <u>4,138,581</u> | <u>-</u> | <u>80,924</u> | <u>161,817</u> | <u>(3,895,840)</u> | <u>-</u> | <u>(3,895,840)</u> |
| Long-term debt interest | 594,330 | - | - | - | (594,330) | - | (594,330) |
| Other expenditures: | | | | | | | |
| AEA flowthrough | 442,297 | - | 442,297 | - | - | - | - |
| Depreciation (unallocated)* | 1,625,494 | - | - | - | (1,625,494) | - | (1,625,494) |
| | <u>2,067,791</u> | <u>-</u> | <u>442,297</u> | <u>-</u> | <u>(1,625,494)</u> | <u>-</u> | <u>(1,625,494)</u> |
| Total governmental activities | <u>15,425,981</u> | <u>1,092,939</u> | <u>1,178,226</u> | <u>161,817</u> | <u>(12,992,999)</u> | <u>-</u> | <u>(12,992,999)</u> |
| Business type activities: | | | | | | | |
| Support services: | | | | | | | |
| Administration | 105 | - | - | - | - | (105) | (105) |
| Non-instructional programs: | | | | | | | |
| Food service operations | 546,618 | 189,548 | 300,534 | - | - | (56,536) | (56,536) |
| Total business type activities | <u>546,723</u> | <u>189,548</u> | <u>300,534</u> | <u>-</u> | <u>-</u> | <u>(56,641)</u> | <u>(56,641)</u> |
| Total | <u>\$ 15,972,704</u> | <u>1,282,487</u> | <u>1,478,760</u> | <u>161,817</u> | <u>(12,992,999)</u> | <u>(56,641)</u> | <u>(13,049,640)</u> |
| General Revenues and Transfers: | | | | | | | |
| Property tax levied for: | | | | | | | |
| General purposes | | | | | \$ 5,000,107 | - | 5,000,107 |
| Debt service | | | | | 815,514 | - | 815,514 |
| Capital outlay | | | | | 168,170 | - | 168,170 |
| Income surtax | | | | | 529,759 | - | 529,759 |
| Statewide sales, services and use tax | | | | | 975,254 | - | 975,254 |
| Unrestricted state grants | | | | | 4,859,000 | - | 4,859,000 |
| Unrestricted investment earnings | | | | | 102,871 | 1,168 | 104,039 |
| Other | | | | | 21,765 | 5,930 | 27,695 |
| Transfers | | | | | (9,083) | 9,083 | - |
| Total general revenues and transfers | | | | | <u>12,463,357</u> | <u>16,181</u> | <u>12,479,538</u> |
| Change in net position | | | | | (529,642) | (40,460) | (570,102) |
| Net position beginning of year | | | | | <u>5,419,406</u> | <u>18,974</u> | <u>5,438,380</u> |
| Net position end of year | | | | | <u>\$ 4,889,764</u> | <u>(21,486)</u> | <u>4,868,278</u> |

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

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

| | General | Capital Projects | Debt Service | Nonmajor | Total |
|---|---------------------|---------------------|------------------|------------------|-------------------|
| Assets | | | | | |
| Cash and pooled investments | \$ 3,957,253 | 985,197 | 653,131 | 742,502 | 6,338,083 |
| Receivables: | | | | | |
| Property tax: | | | | | |
| Delinquent | 65,965 | 2,430 | 11,782 | 6,048 | 86,225 |
| Succeeding year | 4,136,977 | 172,456 | 971,152 | 424,999 | 5,705,584 |
| Income surtax | 493,357 | - | - | - | 493,357 |
| Accounts | 13,659 | - | - | - | 13,659 |
| Due from other governments | 307,755 | 130,203 | - | - | 437,958 |
| Total assets | \$ 8,974,966 | 1,290,286 | 1,636,065 | 1,173,549 | 13,074,866 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 145,792 | 14,553 | - | 1,987 | 162,332 |
| Salaries and benefits payable | 1,245,545 | - | - | - | 1,245,545 |
| Advances from grantors | 98,279 | - | - | - | 98,279 |
| Total liabilities | 1,489,616 | 14,553 | - | 1,987 | 1,506,156 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenues: | | | | | |
| Succeeding year property tax | 4,136,977 | 172,456 | 971,152 | 424,999 | 5,705,584 |
| Income surtax | 493,357 | - | - | - | 493,357 |
| Total deferred inflows of resources | 4,630,334 | 172,456 | 971,152 | 424,999 | 6,198,941 |
| Fund balances: | | | | | |
| Restricted for: | | | | | |
| Categorical funding | 227,701 | - | - | - | 227,701 |
| Debt service | - | - | 664,913 | - | 664,913 |
| Management levy purposes | - | - | - | 596,650 | 596,650 |
| Student activities | - | - | - | 149,913 | 149,913 |
| School infrastructure | - | 951,926 | - | - | 951,926 |
| Physical plant and equipment | - | 151,351 | - | - | 151,351 |
| Unassigned | 2,627,315 | - | - | - | 2,627,315 |
| Total fund balances | 2,855,016 | 1,103,277 | 664,913 | 746,563 | 5,369,769 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 8,974,966 | 1,290,286 | 1,636,065 | 1,173,549 | 13,074,866 |

SEE NOTES TO FINANCIAL STATEMENTS.

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

| | | |
|---|--------------------|----------------------------|
| Total fund balances of governmental funds (page 20) | | \$ 5,369,769 |
| <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i> | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. | | 23,893,523 |
| Accounts receivable income surtax is not available to finance expenditures of the current year and, therefore, is recognized as deferred inflows of resources in the governmental funds. | | 493,357 |
| Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the government funds. | | (43,718) |
| Blending of the Internal Service Funds to be reflected on an entity-wide basis. | | 45,156 |
| Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows: | | |
| Deferred outflows of resources | \$ 2,342,196 | |
| Deferred inflows of resources | <u>(1,331,129)</u> | 1,011,067 |
| Long-term liabilities, including bonds payable, termination benefits, net pension liability, and total OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds. | | <u>(25,879,390)</u> |
| Net position of governmental activities (page 18) | | <u><u>\$ 4,889,764</u></u> |

SEE NOTES TO FINANCIAL STATEMENTS.

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

| | General | Capital Projects | Debt Service | Nonmajor | Total |
|--|---------------------|---------------------|------------------|----------------|-------------------|
| Revenues: | | | | | |
| Local sources: | | | | | |
| Local tax | \$ 5,110,858 | 168,170 | 815,514 | 419,881 | 6,514,423 |
| Tuition | 541,300 | - | - | - | 541,300 |
| Other | 319,396 | 202,971 | 32,335 | 412,849 | 967,551 |
| State sources | 5,537,884 | 977,646 | 11,602 | 6,040 | 6,533,172 |
| Federal sources | 349,849 | - | - | - | 349,849 |
| Total revenues | <u>11,859,287</u> | <u>1,348,787</u> | <u>859,451</u> | <u>838,770</u> | <u>14,906,295</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 4,360,506 | 82,290 | - | 157,546 | 4,600,342 |
| Special | 1,694,927 | - | - | - | 1,694,927 |
| Other | 1,649,973 | - | - | 402,606 | 2,052,579 |
| | <u>7,705,406</u> | <u>82,290</u> | <u>-</u> | <u>560,152</u> | <u>8,347,848</u> |
| Support services: | | | | | |
| Student | 245,031 | 9,164 | - | - | 254,195 |
| Instructional staff | 612,696 | 22,929 | - | - | 635,625 |
| Administration | 1,323,735 | 31,652 | - | 6,595 | 1,361,982 |
| Operation and maintenance of plant | 902,442 | 131,829 | - | 101,523 | 1,135,794 |
| Transportation | 419,916 | 87,680 | - | 32,660 | 540,256 |
| | <u>3,503,820</u> | <u>283,254</u> | <u>-</u> | <u>140,778</u> | <u>3,927,852</u> |
| Capital outlay | - | 4,372,412 | - | - | 4,372,412 |
| Long-term debt: | | | | | |
| Principal | - | - | 915,000 | - | 915,000 |
| Interest and fiscal charges | - | - | 595,851 | - | 595,851 |
| | <u>-</u> | <u>-</u> | <u>1,510,851</u> | <u>-</u> | <u>1,510,851</u> |
| Other expenditures: | | | | | |
| AEA flowthrough | 442,297 | - | - | - | 442,297 |
| Total expenditures | <u>11,651,523</u> | <u>4,737,956</u> | <u>1,510,851</u> | <u>700,930</u> | <u>18,601,260</u> |
| Excess (Deficiency) of revenues over (under) expenditures | 207,764 | (3,389,169) | (651,400) | 137,840 | (3,694,965) |
| Other financing sources (uses): | | | | | |
| Insurance proceeds | - | 21,450 | - | - | 21,450 |
| Transfer in | - | - | 693,780 | - | 693,780 |
| Transfer out | - | (693,780) | - | - | (693,780) |
| Total other financing sources (uses) | <u>-</u> | <u>(672,330)</u> | <u>693,780</u> | <u>-</u> | <u>21,450</u> |
| Change in fund balances | 207,764 | (4,061,499) | 42,380 | 137,840 | (3,673,515) |
| Fund balances beginning of year | <u>2,647,252</u> | <u>5,164,776</u> | <u>622,533</u> | <u>608,723</u> | <u>9,043,284</u> |
| Fund balances end of year | <u>\$ 2,855,016</u> | <u>1,103,277</u> | <u>664,913</u> | <u>746,563</u> | <u>5,369,769</u> |

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2020

Change in fund balances - total governmental funds (page 22) \$ (3,673,515)

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

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

| | | |
|----------------------|--------------------|-----------|
| Capital outlay | \$ 4,585,737 | |
| Depreciation expense | <u>(1,904,683)</u> | 2,681,054 |

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. (873)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in Statement of Net Position. 915,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 1,521

Net change in the Internal Service Funds charged back against expenditures made for self-funded insurance on an entity-wide basis. 4,303

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. 654,926

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

| | | |
|---|-----------------|--------------------|
| Termination benefits | 66,776 | |
| Pension expense | (1,138,475) | |
| Total OPEB liability and related expenses | <u>(40,359)</u> | <u>(1,112,058)</u> |

Change in net position of governmental activities (page 19) \$ (529,642)

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

| | Business Type Activities: Enterprise Funds | Governmental Activities: Internal Service Funds |
|--|---|--|
| | School Nutrition | |
| Assets | | |
| Current assets: | | |
| Cash and pooled investments | \$ 128,313 | 45,156 |
| Accounts receivable | 1,408 | - |
| Inventories | 22,734 | - |
| Total current assets | 152,455 | 45,156 |
| Noncurrent assets: | | |
| Capital assets, net of accumulated depreciation | 27,107 | - |
| Total assets | 179,562 | 45,156 |
| Deferred Outflows of Resources | | |
| Pension related deferred outflows | 60,833 | - |
| OPEB related deferred outflows | 2,904 | - |
| Total deferred outflows of resources | 63,737 | - |
| Liabilities | | |
| Current liabilities: | | |
| Salaries and benefits payable | 21,065 | - |
| Unearned revenue | 21,812 | - |
| Total current liabilities | 42,877 | - |
| Noncurrent liabilities: | | |
| Net pension liability | 154,182 | - |
| Total OPEB liability | 31,756 | - |
| Total noncurrent liabilities | 185,938 | - |
| Total liabilities | 228,815 | - |
| Deferred Inflows of Resources | | |
| Pension related deferred inflows | 34,512 | - |
| OPEB related deferred inflows | 1,458 | - |
| Total deferred inflows of resources | 35,970 | - |
| Net Position | | |
| Net investment in capital assets | 27,107 | - |
| Unrestricted | (48,593) | 45,156 |
| Total net position | \$ (21,486) | 45,156 |

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

| | Business Type Activities: Governmental | |
|--|--|------------------|
| | Enterprise Funds | Activities: |
| | School | Internal Service |
| | Nutrition | Funds |
| Operating revenues: | | |
| Local sources: | | |
| Charges for service | \$ 189,548 | 56,611 |
| Miscellaneous | 5,930 | - |
| Total operating revenues | <u>195,478</u> | <u>56,611</u> |
| Operating expenses: | | |
| Support Services: | | |
| Administration: | | |
| Benefits | 105 | 52,637 |
| Non-instructional programs: | | |
| Food service operations: | | |
| Salaries | 189,857 | - |
| Benefits | 94,153 | - |
| Services | 5,356 | - |
| Supplies | 253,537 | - |
| Depreciation | 3,715 | - |
| Total non-instructional programs | <u>546,618</u> | <u>-</u> |
| Total operating expenses | <u>546,723</u> | <u>52,637</u> |
| Operating income (loss) | <u>(351,245)</u> | <u>3,974</u> |
| Non-operating revenues: | | |
| State sources | 3,867 | - |
| Federal sources | 296,667 | - |
| Interest income | 1,168 | 329 |
| Total non-operating revenues | <u>301,702</u> | <u>329</u> |
| Change in net position before other financing sources | (49,543) | 4,303 |
| Other financing sources: | | |
| Capital contributions | 9,083 | - |
| Change in net position | (40,460) | 4,303 |
| Net position beginning of year | <u>18,974</u> | <u>40,853</u> |
| Net position end of year | <u>\$ (21,486)</u> | <u>45,156</u> |

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

| | Business Type Activities: Enterprise Funds | Governmental Activities: Internal Service Funds |
|--|---|--|
| | School Nutrition | |
| Cash flows from operating activities: | | |
| Cash received from sale of lunches and breakfasts | \$ 198,587 | - |
| Cash received from miscellaneous | 5,930 | 56,611 |
| Cash payments to employees for services | (270,025) | (52,637) |
| Cash payments to suppliers for goods or services | (230,845) | - |
| Net cash provided by (used in) operating activities | <u>(296,353)</u> | <u>3,974</u> |
| Cash flows from non-capital financing activities: | | |
| State grants received | 5,219 | - |
| Federal grants received | 269,155 | - |
| Net cash provided by non-capital financing activities | <u>274,374</u> | <u>-</u> |
| Cash flows from investing activities: | | |
| Interest on investments | 1,168 | 329 |
| Net increase (decrease) in cash and pooled investments | (20,811) | 4,303 |
| Cash and pooled investments beginning of year | 149,124 | 40,853 |
| Cash and pooled investments end of year | <u>\$ 128,313</u> | <u>45,156</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | |
| Operating income (loss) | \$ (351,245) | 3,974 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | |
| Commodities consumed | 27,512 | - |
| Depreciation | 3,715 | - |
| Change in assets and liabilities: | | |
| Inventories | 626 | - |
| Accounts receivable | (1,408) | - |
| Accounts payable | (90) | - |
| Salaries and benefits payable | 2,845 | - |
| Net pension liability | 18,852 | - |
| Deferred outflows of resources | (22,125) | - |
| Deferred inflows of resources | 11,572 | - |
| Unearned revenue | 10,447 | - |
| Total OPEB liability | 2,946 | - |
| Net cash provided by (used in) operating activities | <u>\$ (296,353)</u> | <u>3,974</u> |

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2020, the District received \$27,512 of federal commodities.

During the year ended June 30, 2020, the District received \$9,083 in capital contributions from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2020

| | <u>Agency</u> |
|-----------------------------|-----------------|
| Assets | |
| Cash and pooled investments | \$ 3,199 |
| Accounts receivable | <u>756</u> |
| Total assets | <u>3,955</u> |
| Liabilities | |
| Due to other groups | <u>\$ 3,955</u> |

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

The Statement of Net Position presents the District's 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 plus unspent bond proceeds and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following nonmajor proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Internal Service, Cafeteria Plan Fund. The Enterprise, School Nutrition Fund is used to account for the food service operations of the District. The Internal Service, Cafeteria Plan Fund is used to account for benefit programs offered by the District.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2019.

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

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

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

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

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

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

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

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

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

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

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

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

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that 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 consist of property tax receivables and other receivables not collected within sixty days after year end.

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, expenditures exceeded the amount budgeted in the other expenditures function.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2020 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 insure 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 at June 30, 2020.

Note 3. Interfund Transfers

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

| Transfer to | Transfer from | Amount |
|--------------|--|-------------------|
| Debt Service | Capital Projects: Statewide Sales, Services and Use Tax | <u>\$ 693,780</u> |

The transfer from the Capital Projects: Statewide Sales, Services, and Use Tax Fund to the Debt Service Fund was needed to make principal and interest payments on the District's bond indebtedness.

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2020 is as follows:

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year |
|---|---------------------------------|-------------------|-------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 463,720 | - | - | 463,720 |
| Construction in progress | 15,149,607 | 4,298,779 | 19,448,386 | - |
| Total capital assets not being depreciated | 15,613,327 | 4,298,779 | 19,448,386 | 463,720 |
| Capital assets being depreciated: | | | | |
| Buildings | 11,123,315 | 19,481,778 | - | 30,605,093 |
| Land improvements | 1,221,427 | - | - | 1,221,427 |
| Machinery and equipment | 5,512,276 | 253,566 | - | 5,765,842 |
| Total capital assets being depreciated | 17,857,018 | 19,735,344 | - | 37,592,362 |
| Less accumulated depreciation for: | | | | |
| Buildings | 6,835,851 | 1,573,213 | - | 8,409,064 |
| Land improvements | 767,662 | 52,281 | - | 819,943 |
| Machinery and equipment | 4,654,363 | 279,189 | - | 4,933,552 |
| Total accumulated depreciation | 12,257,876 | 1,904,683 | - | 14,162,559 |
| Total capital assets being depreciated, net | 5,599,142 | 17,830,661 | - | 23,429,803 |
| Governmental activities capital assets, net | <u>\$21,212,469</u> | <u>22,129,440</u> | <u>19,448,386</u> | <u>23,893,523</u> |

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year |
|--|---------------------------------|-----------|-----------|---------------------------|
| Business type activities: | | | | |
| Machinery and equipment | \$ 106,474 | 9,083 | - | 115,557 |
| Less accumulated depreciation | 84,735 | 3,715 | - | 88,450 |
| Business type activities capital assets, net | \$ 21,739 | 5,368 | - | 27,107 |

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

| | |
|---------|-----------|
| Regular | \$ 92,239 |
| Special | 3,533 |
| Other | 22,598 |

Support Services:

| | |
|------------------------------------|----------------|
| Administration | 8,847 |
| Operation and maintenance of plant | 28,385 |
| Transportation | 123,587 |
| | <u>279,189</u> |

Unallocated depreciation 1,625,494

Total governmental activities depreciation expense \$ 1,904,683

Business type activities:

Food service operations \$ 3,715

Note 5. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2020 are summarized as follows:

| | Balance Beginning of Year | Additions | Reductions | Balance End of Year | Due Within One Year |
|----------------------------------|---------------------------------|-----------|------------|---------------------------|---------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 18,170,000 | - | 740,000 | 17,430,000 | 750,000 |
| Revenue bonds | 1,810,000 | - | 175,000 | 1,635,000 | 185,000 |
| Termination benefits | 271,747 | - | 66,776 | 204,971 | 75,620 |
| Net pension liability | 5,029,952 | 745,932 | - | 5,775,884 | - |
| Total OPEB liability | 711,812 | 121,723 | - | 833,535 | - |
| Total | \$ 25,993,511 | 867,655 | 981,776 | 25,879,390 | 1,010,620 |
| Business type activities: | | | | | |
| Net pension liability | \$ 135,330 | 18,852 | - | 154,182 | - |
| Total OPEB liability | 28,810 | 2,946 | - | 31,756 | - |
| Total | \$ 164,140 | 21,798 | - | 185,938 | - |

Revenue Bonds Payable

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

| Year Ending June 30, | Bonds Issued August 8, 2013 | | | | |
|----------------------------|-----------------------------|------|---------------------|----------------|------------------|
| | Interest Rate | | Principal | Interest | Total |
| 2021 | 2.40 | % \$ | 185,000 | 47,930 | 232,930 |
| 2022 | 2.60 | | 190,000 | 43,490 | 233,490 |
| 2023 | 2.80 | | 195,000 | 38,550 | 233,550 |
| 2024 | 2.90 | | 200,000 | 33,090 | 233,090 |
| 2025 | 3.00 | | 205,000 | 27,290 | 232,290 |
| 2026-2030 | 3.10-3.30 | | 660,000 | 43,360 | 703,360 |
| Total | | | <u>\$ 1,635,000</u> | <u>233,710</u> | <u>1,868,710</u> |

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,840,000 of bonds issued in August 2013. The bonds were issued for the purpose of refunding the remaining portion of the \$3,120,000 of bonds issued November 1, 2008. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2028. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 24 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$1,868,710. For the current year, principal of \$175,000 and interest of \$51,780 was paid on the revenue bonds and total statewide sales, services and use tax revenues were \$975,254.

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

- a) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- b) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.

General Obligation Bonds

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

| Year Ending June 30, | Bonds Issued June 1, 2017 | | | | Bonds Issued June 6, 2018 | | | | Total | | |
|----------------------------|---------------------------|-----------|---------------------|------------------|---------------------------|----------|---------------------|------------------|-------------------|------------------|-------------------|
| | Interest Rate | Principal | Interest | Interest Rate | Principal | Interest | Principal | Interest | Total | | |
| 2021 | 2.00 | % \$ | 405,000 | 244,351 | 3.00 | % \$ | 345,000 | 280,270 | 750,000 | 524,621 | 1,274,621 |
| 2022 | 2.00 | | 420,000 | 236,251 | 3.00 | | 350,000 | 269,920 | 770,000 | 506,171 | 1,276,171 |
| 2023 | 2.00 | | 430,000 | 227,851 | 3.00 | | 360,000 | 259,420 | 790,000 | 487,271 | 1,277,271 |
| 2024 | 2.00 | | 440,000 | 219,251 | 3.00 | | 375,000 | 248,620 | 815,000 | 467,871 | 1,282,871 |
| 2025 | 2.25 | | 455,000 | 210,451 | 3.00 | | 380,000 | 237,370 | 835,000 | 447,821 | 1,282,821 |
| 2026-2030 | 2.50-3.00 | | 2,480,000 | 873,070 | 3.00-3.10 | | 2,070,000 | 1,009,400 | 4,550,000 | 1,882,470 | 6,432,470 |
| 2031-2035 | 3.00-3.25 | | 2,855,000 | 485,588 | 3.13-3.38 | | 2,460,000 | 666,574 | 5,315,000 | 1,152,162 | 6,467,162 |
| 2036-2038 | 3.40 | | 1,255,000 | 64,260 | 3.50-3.60 | | 2,350,000 | 191,990 | 3,605,000 | 256,250 | 3,861,250 |
| Total | | | <u>\$ 8,740,000</u> | <u>2,561,073</u> | | | <u>\$ 8,690,000</u> | <u>3,163,564</u> | <u>17,430,000</u> | <u>5,724,637</u> | <u>23,154,637</u> |

Termination Benefits

The District offered an early retirement benefit plan to its certified employees for the years ended June 30, 2011, 2014, 2017 and 2018. Employees must have completed an application which was required to be approved by the Board of Education.

For fiscal years 2011, eligible employees must have been at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Voluntary early retirement benefits were only available to the first twelve applicants, health premiums at \$500 per month.

For fiscal year 2014, eligible employees must have been at least age fifty-five and employees must have completed ten years of continuous service to the District. The early retirement benefit for each eligible employee is equal to \$500 per month toward the District's single health insurance premium for each month of time prior to the retiree becoming eligible for Medicare.

For fiscal years 2017 and 2018, eligible employees must have been at least age fifty-five and employees must have completed fifteen years of continuous service to the District. The early retirement benefit for each eligible employee is equal to \$500 per month toward the District's single health insurance premium for each month for five years or to the month prior of the retiree becoming eligible for Medicare.

Early retirement benefits paid during the year ended June 30, 2020, totaled \$66,776. A liability has been recorded in the Statement of Net Position representing the District's commitment to fund non-current retirement benefits. At June 30, 2020, the District had outstanding obligations to thirteen retirees totaling \$204,971.

Note 6. Pension Plan

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

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

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

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

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

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2020 were \$672,754.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the District reported a liability of \$5,930,066 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the District's proportion was 0.102408%, which was an increase of 0.020785% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,167,806. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 16,440 | 213,214 |
| Changes of assumptions | 635,195 | - |
| Net difference between projected and actual earnings on IPERS' investments | - | 668,247 |
| Changes in proportion and differences between District contributions and the District's proportionate share of contributions | 1,002,419 | 445,904 |
| District contributions subsequent to the measurement date | 672,754 | - |
| Total | \$ 2,326,808 | 1,327,365 |

\$672,754 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | Amount |
|------------------------|-------------------|
| 2021 | \$ 224,479 |
| 2022 | (40,558) |
| 2023 | (14,927) |
| 2024 | 65,709 |
| 2025 | 91,986 |
| Total | <u>\$ 326,689</u> |

There were no non-employer contributing entities at IPERS.

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2018 and a demographic assumption study dated June 28, 2019.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2018 generational adjustments.

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

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

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

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

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---------------------------|-----------------------------|---------------------------|
| District's proportionate share of the net pension liability | \$ 10,529,883 | 5,930,066 | 2,071,790 |

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

Payables to IPERS - At June 30, 2020, the District reported payables to IPERS of \$119,560 for legally required District contributions and \$79,665 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

Note 7. Other Postemployment Benefits (OPEB)

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

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

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

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

Total OPEB Liability - The District's total OPEB liability of \$865,291 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that dated July 1, 2019.

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

| | |
|----------------------------|---|
| Rate of inflation | 3.00% per annum. |
| Rates of salary increase | 3.00% per annum, including inflation. |
| Discount rate | 3.50% compounded annually, including inflation. |
| Healthcare cost trend rate | 7.50% for FY2020, decreasing to an ultimate rate of 5.00%. |

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

Mortality rates are from the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2019 generational projection of future mortality improvement. Annual retirement probabilities are from the U.S. Office of Personnel Management Civil Service Retirement and Disability Fund Annual Report for fiscal year 2016.

Changes in the Total OPEB Liability

| | <u>Total OPEB Liability</u> |
|---|---------------------------------|
| Total OPEB liability beginning of year | \$ 740,622 |
| Changes for the year: | |
| Service cost | 62,898 |
| Interest | 30,189 |
| Differences between expected and actual experiences | 83,094 |
| Changes in assumptions | 3,426 |
| Benefit payments | <u>(54,938)</u> |
| Net changes | <u>124,669</u> |
| Total OPEB liability end of year | <u>\$ 865,291</u> |

Changes of assumptions reflect a change in the discount rate from 3.58% as of July 1, 2017 used for the reporting date of June 30, 2019 to 3.50% as of July 1, 2019 used for the reporting date of June 30, 2020.

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

| | <u>1% Decrease (2.50%)</u> | <u>Discount Rate (3.50%)</u> | <u>1% Increase (4.50%)</u> |
|----------------------|------------------------------------|--------------------------------------|------------------------------------|
| Total OPEB liability | \$ 930,040 | 865,291 | 805,768 |

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 (6.50%) or 1% higher (8.50%) than the current healthcare cost trend rates.

| | <u>1% Decrease (6.50%)</u> | <u>Healthcare Cost Trend Rate (7.50%)</u> | <u>1% Increase (8.50%)</u> |
|----------------------|------------------------------------|---|------------------------------------|
| Total OPEB liability | \$ 787,201 | 865,291 | 958,161 |

OPEB Expense and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2020, the District recognized OPEB expense of \$95,039. At June 30, 2020, the District reported deferred inflows of resources related to OPEB from the following resources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 75,992 | 6,618 |
| Changes in assumptions | 3,133 | 33,116 |
| Total | \$ 79,125 | 39,734 |

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

| Year Ended June 30, | Amount |
|------------------------|------------------|
| 2021 | \$ 1,952 |
| 2022 | 1,952 |
| 2023 | 1,952 |
| 2024 | 1,952 |
| 2025 | 1,952 |
| Thereafter | 29,631 |
| Total | \$ 39,391 |

Note 8. Risk Management

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

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

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to NEIST for the year ended June 30, 2020 were \$1,381,868.

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

The District does not report a liability for losses in excess of stop loss insurance unless it is deemed probable that such losses have occurred and the amount of such a loss can be reasonably estimated. Accordingly, at June 30, 2020, no liability has been recorded in the District's financial statements. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance company coverage.

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

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

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$442,297 for the year ended June 30, 2020 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Categorical Funding

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

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

| Program | Amount |
|--|------------|
| Gifted and Talented Programs | \$ 91,618 |
| Returning Dropouts and Dropout Prevention | 77 |
| Teacher Leadership State Aid | 80,309 |
| Teacher Salary Supplement | 34,529 |
| Textbook Aid for Nonpublic Students | 2,213 |
| Successful Progression for Early Readers | 16,311 |
| Professional Development for Model Core Curriculum | 1,029 |
| Teacher Development Academies | 1,474 |
| Early Childhood Programs Grant | 141 |
| Total | \$ 227,701 |

Note 11. COVID-19

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

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

Note 12. Reconciliation of Governmental Fund Balances to Net Position

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

| | Net investment in Capital Assets | Debt Service | Management Levy | Unassigned/ Unrestricted |
|--|-------------------------------------|-----------------|--------------------|-----------------------------|
| Fund balance (Exhibit C) | \$ - | 664,913 | 596,650 | 2,627,315 |
| Capital assets, net of accumulated depreciation | 23,893,523 | - | - | - |
| General obligation bond capitalized indebtedness | (17,430,000) | - | - | - |
| Revenue bond capitalized indebtedness | (1,635,000) | - | - | - |
| Accrued interest payable | - | (43,718) | - | - |
| Income surtax | - | - | - | 493,357 |
| Termination benefits | - | - | (204,971) | - |
| Internal service fund balance | - | - | - | 45,156 |
| Pension related deferred outflows | - | - | - | 2,265,975 |
| Pension related deferred inflows | - | - | - | (1,292,853) |
| Net pension liability | - | - | - | (5,775,884) |
| Total OPEB liability | - | - | - | (833,535) |
| OPEB related deferred outflows | - | - | - | 76,221 |
| OPEB related deferred inflows | - | - | - | (38,276) |
| Net position (Exhibit A) | \$ 4,828,523 | 621,195 | 391,679 | (2,432,524) |

Note 13. Tax Abatements

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

Tax Abatements of Other Entities

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa.

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

| Entity | Tax Abatement Program | Amount of Tax Abated |
|---------------------|--|-------------------------|
| City of New Hampton | Urban Renewal and Economic Development Projects | \$ 69,056 |

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2020, this reimbursement amounted to \$37,965.

Note 14. Prospective Accounting Change

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

Note 15. Budget Overexpenditure

Per Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2020, District expenditures exceeded the amounts budgeted in the other expenditures functional area.

REQUIRED SUPPLEMENTARY INFORMATION

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2020

| | Governmental | Proprietary | Total | Budgeted Amounts | | Final to Actual Variance |
|--|-----------------|-----------------|-------------|------------------|-------------|--------------------------------|
| | Funds Actual | Funds Actual | | Original | Final | |
| Revenues: | | | | | | |
| Local sources | \$ 8,023,274 | 196,646 | 8,219,920 | 8,124,699 | 8,124,699 | 95,221 |
| Intermediate sources | - | - | - | 1,700 | 1,700 | (1,700) |
| State sources | 6,533,172 | 3,867 | 6,537,039 | 7,101,172 | 7,101,172 | (564,133) |
| Federal sources | 349,849 | 296,667 | 646,516 | 390,776 | 390,776 | 255,740 |
| Total revenues | 14,906,295 | 497,180 | 15,403,475 | 15,618,347 | 15,618,347 | (214,872) |
| Expenditures/Expenses: | | | | | | |
| Instruction | 8,347,848 | - | 8,347,848 | 9,098,596 | 9,098,596 | 750,748 |
| Support services | 3,927,852 | 105 | 3,927,957 | 4,933,825 | 4,933,825 | 1,005,868 |
| Non-instructional programs | - | 546,618 | 546,618 | 690,915 | 690,915 | 144,297 |
| Other expenditures | 6,325,560 | - | 6,325,560 | 6,121,369 | 6,121,369 | (204,191) |
| Total expenditures/expenses | 18,601,260 | 546,723 | 19,147,983 | 20,844,705 | 20,844,705 | 1,696,722 |
| Excess (Deficiency) of revenues over (under) expenditures/expenses | (3,694,965) | (49,543) | (3,744,508) | (5,226,358) | (5,226,358) | 1,481,850 |
| Other financing sources, net | 21,450 | 9,083 | 30,533 | (300) | (300) | 30,833 |
| Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses | (3,673,515) | (40,460) | (3,713,975) | (5,226,658) | (5,226,658) | 1,512,683 |
| Balances beginning of year | 9,043,284 | 18,974 | 9,062,258 | 6,220,828 | 6,220,828 | 2,841,430 |
| Balances end of year | \$ 5,369,769 | (21,486) | 5,348,283 | 994,170 | 994,170 | 4,354,113 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

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

During the year ended June 30, 2020, expenditures in the other expenditures function exceed the amount budgeted.

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

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| District's proportion of the net pension liability | 0.102408% | 0.081623% | 0.093576% | 0.090771% | 0.092339% | 0.095281% |
| District's proportionate share of the net pension liability | \$ 5,930 | 5,165 | 6,233 | 5,713 | 4,562 | 3,779 |
| District's covered payroll | \$ 7,794 | 6,135 | 6,985 | 6,514 | 6,326 | 6,237 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 76.08% | 84.19% | 89.23% | 87.70% | 72.12% | 60.59% |
| IPERS' net position as a percentage of the total pension liability | 85.45% | 83.62% | 82.21% | 81.82% | 85.19% | 87.61% |

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Statutorily required contribution | \$ 673 | 736 | 548 | 624 | 582 | 565 | 557 | 537 | 494 | 426 |
| Contributions in relation to the statutorily required contribution | \$ (673) | (736) | (548) | (624) | (582) | (565) | (557) | (537) | (494) | (426) |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - | - | - |
| District's covered payroll | \$ 7,129 | 7,794 | 6,135 | 6,985 | 6,514 | 6,326 | 6,237 | 6,194 | 6,121 | 6,129 |
| Contributions as a percentage of covered payroll | 9.44% | 9.44% | 8.93% | 8.93% | 8.93% | 8.93% | 8.93% | 8.67% | 8.07% | 6.95% |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2018.
- 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 assumptions.

The 2018 valuation implemented the following refinements as a result of an experience study dated March 24, 2018:

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

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

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

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

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

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

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

NEW HAMPTON COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

| | Special Revenue | | |
|---|---------------------|---------------------|-------------------|
| | Management Levy | Student Activity | Total Nonmajor |
| Assets | | | |
| Cash and pooled investments | \$ 592,250 | 150,252 | 742,502 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | 6,048 | - | 6,048 |
| Succeeding year | 424,999 | - | 424,999 |
| Total assets | \$ 1,023,297 | 150,252 | 1,173,549 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 1,648 | 339 | 1,987 |
| Deferred inflows of resources: | | | |
| Unavailable revenues: | | | |
| Succeeding year property taxes | 424,999 | - | 424,999 |
| Fund balances: | | | |
| Restricted for: | | | |
| Management levy purposes | 596,650 | - | 596,650 |
| Student activities | - | 149,913 | 149,913 |
| Total fund balances | 596,650 | 149,913 | 746,563 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 1,023,297 | 150,252 | 1,173,549 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

| | Special Revenue | | |
|------------------------------------|--------------------|---------------------|-------------------|
| | Management Levy | Student Activity | Total Nonmajor |
| Revenues: | | | |
| Local sources: | | | |
| Local tax | \$ 419,881 | - | 419,881 |
| Other | 5,289 | 407,560 | 412,849 |
| State sources | 6,040 | - | 6,040 |
| Total revenues | <u>431,210</u> | <u>407,560</u> | <u>838,770</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 157,546 | - | 157,546 |
| Other | - | 402,606 | 402,606 |
| Support services: | | | |
| Administration | 6,595 | - | 6,595 |
| Operation and maintenance of plant | 101,523 | - | 101,523 |
| Transportation | 32,660 | - | 32,660 |
| Total expenditures | <u>298,324</u> | <u>402,606</u> | <u>700,930</u> |
| Change in fund balances | 132,886 | 4,954 | 137,840 |
| Fund balances beginning of year | <u>463,764</u> | <u>144,959</u> | <u>608,723</u> |
| Fund balances end of year | <u>\$ 596,650</u> | <u>149,913</u> | <u>746,563</u> |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUND ACCOUNTS
 JUNE 30, 2020

| | Capital Projects | | | |
|---|--|--|----------------------------|------------------|
| | Statewide Sales, Services and Use Tax | Physical Plant and Equipment Lewy | GO Bond Construction | Total |
| Assets | | | | |
| Cash and pooled investments | \$ 652,535 | 148,921 | 183,741 | 985,197 |
| Receivables: | | | | |
| Property tax: | | | | |
| Delinquent | - | 2,430 | - | 2,430 |
| Succeeding year | - | 172,456 | - | 172,456 |
| Due from other governments | 82,101 | - | 48,102 | 130,203 |
| Total assets | \$ 734,636 | 323,807 | 231,843 | 1,290,286 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 1,980 | - | 12,573 | 14,553 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues: | | | | |
| Succeeding year property tax | - | 172,456 | - | 172,456 |
| Fund balances: | | | | |
| Restricted for: | | | | |
| School infrastructure | 732,656 | - | 219,270 | 951,926 |
| Physical plant and equipment | - | 151,351 | - | 151,351 |
| Total fund balances | 732,656 | 151,351 | 219,270 | 1,103,277 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 734,636 | 323,807 | 231,843 | 1,290,286 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

| | Capital Projects | | | Total |
|--|--|--|----------------------------|------------------|
| | Statewide Sales, Services and Use Tax | Physical Plant and Equipment Lewy | GO Bond Construction | |
| Revenues: | | | | |
| Local sources: | | | | |
| Local tax | \$ - | 168,170 | - | 168,170 |
| Other | 26,456 | 6,614 | 169,901 | 202,971 |
| State sources | 975,254 | 2,392 | - | 977,646 |
| Total revenues | <u>1,001,710</u> | <u>177,176</u> | <u>169,901</u> | <u>1,348,787</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 81,326 | 964 | - | 82,290 |
| Support services: | | | | |
| Student | - | 9,164 | - | 9,164 |
| Instructional staff | - | 22,929 | - | 22,929 |
| Administration | 12,910 | 17,013 | 1,729 | 31,652 |
| Operation and maintenance of plant | 128,122 | 3,707 | - | 131,829 |
| Transportation | 6,323 | 81,357 | - | 87,680 |
| Capital outlay | 71,828 | 3,534 | 4,297,050 | 4,372,412 |
| Total expenditures | <u>300,509</u> | <u>138,668</u> | <u>4,298,779</u> | <u>4,737,956</u> |
| Excess (Deficiency) of revenues over (under) expenses | 701,201 | 38,508 | (4,128,878) | (3,389,169) |
| Other financing sources (uses): | | | | |
| Insurance proceeds | 21,450 | - | - | 21,450 |
| Transfer out | (693,780) | - | - | (693,780) |
| Total other financing sources (uses) | <u>(672,330)</u> | <u>-</u> | <u>-</u> | <u>(672,330)</u> |
| Change in fund balances | 28,871 | 38,508 | (4,128,878) | (4,061,499) |
| Fund balances beginning of year | <u>703,785</u> | <u>112,843</u> | <u>4,348,148</u> | <u>5,164,776</u> |
| Fund balances end of year | <u>\$ 732,656</u> | <u>151,351</u> | <u>219,270</u> | <u>1,103,277</u> |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2020

| Account | Balance Beginning of Year | Revenues | Expenditures | Balance End of Year |
|-------------------------|---------------------------------|----------------|----------------|---------------------------|
| Drama | \$ 3,632 | 3,582 | 3,037 | 4,177 |
| Speech | - | 1,273 | 1,273 | - |
| H.S. Vocal Music | 199 | 3,926 | 4,125 | - |
| Instrumental Music | 241 | 4,064 | 1,830 | 2,475 |
| MS Music | 1,002 | 689 | 163 | 1,528 |
| MS Musical | 6,266 | - | 1,197 | 5,069 |
| Swing Choir | 262 | - | - | 262 |
| HS Cheerleaders | 4,096 | 927 | 1,012 | 4,011 |
| Flags | 3,362 | - | 20 | 3,342 |
| Trapshooting | 29,127 | 38,630 | 25,908 | 41,849 |
| Soccer Camp | 1,000 | 9,054 | 9,109 | 945 |
| General Athletics | 8,982 | 156,647 | 152,244 | 13,385 |
| Sports Camps | 27,178 | 37,940 | 51,120 | 13,998 |
| Wrestling Camp | 556 | 11,784 | 4,393 | 7,947 |
| IMPACT Camp | - | 98 | 98 | - |
| Positive Fund GSA | 38 | - | - | 38 |
| National Honors | 60 | 2,931 | 2,991 | - |
| HS Annual | (5,573) | 17,417 | 6,454 | 5,390 |
| Art Club | 1,931 | 832 | 1,500 | 1,263 |
| AFS | 2,272 | 3,869 | 2,044 | 4,097 |
| BAC | 431 | - | 431 | - |
| FFA | 2,005 | 47,132 | 47,225 | 1,912 |
| SADD | 2,604 | 595 | 332 | 2,867 |
| Student Senate | 4,613 | 911 | 1,843 | 3,681 |
| Interact Rotary | - | 957 | 665 | 292 |
| Activity Tickets | - | 10,911 | 10,911 | - |
| Lettermen | 13,454 | 12,449 | 16,816 | 9,087 |
| Letterette | 3,100 | 2,668 | 3,830 | 1,938 |
| Dance | 2,738 | 4,811 | 7,549 | - |
| NECI Athletic Directors | 1,500 | - | - | 1,500 |
| State Senate Vending | 4,198 | 32,663 | 34,973 | 1,888 |
| Miscellaneous | 1,005 | - | - | 1,005 |
| MS Annual | 6,554 | - | - | 6,554 |
| MS Business Club | 821 | 670 | 392 | 1,099 |
| MS Student Senate | 3,528 | - | - | 3,528 |
| Student Assistance | 2,640 | - | - | 2,640 |
| Book Fair | 217 | - | 217 | - |
| Class of 2019 | 5,062 | - | 5,062 | - |
| Class of 2020 | 3,729 | - | 3,729 | - |
| Class of 2021 | 1,903 | - | - | 1,903 |
| Class of 2022 | 226 | - | - | 226 |
| Class of 2023 | - | 130 | 113 | 17 |
| Total | \$ 144,959 | 407,560 | 402,606 | 149,913 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED JUNE 30, 2020

| | Balance Beginning of Year | Additions | Deletions | Balance End of Year |
|---|---------------------------------|--------------|--------------|---------------------------|
| <u>NEIC</u> | | | | |
| Assets | | | | |
| Cash and pooled investments | \$ 1,608 | 5,869 | 6,899 | 578 |
| Accounts receivable | - | 756 | - | 756 |
| | <u>\$ 1,608</u> | <u>6,625</u> | <u>6,899</u> | <u>1,334</u> |
| Liabilities | | | | |
| Due to other groups | \$ 1,608 | 6,625 | 6,899 | 1,334 |
| | <u>\$ 1,608</u> | <u>6,625</u> | <u>6,899</u> | <u>1,334</u> |
| <u>IOWA BIG NORTH</u> | | | | |
| Assets | | | | |
| Cash and pooled investments | \$ 2,959 | 840 | 1,178 | 2,621 |
| | <u>\$ 2,959</u> | <u>840</u> | <u>1,178</u> | <u>2,621</u> |
| Liabilities | | | | |
| Due to other groups | \$ 2,959 | 840 | 1,178 | 2,621 |
| | <u>\$ 2,959</u> | <u>840</u> | <u>1,178</u> | <u>2,621</u> |
| <u>TOTALS - ALL AGENCY FUNDS</u> | | | | |
| Assets | | | | |
| Cash and pooled investments | \$ 4,567 | 6,709 | 8,077 | 3,199 |
| Accounts receivable | - | 756 | - | 756 |
| | <u>\$ 4,567</u> | <u>7,465</u> | <u>8,077</u> | <u>3,955</u> |
| Liabilities | | | | |
| Due to other groups | \$ 4,567 | 7,465 | 8,077 | 3,955 |
| | <u>\$ 4,567</u> | <u>7,465</u> | <u>8,077</u> | <u>3,955</u> |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

| | Modified Accrual Basis | | | | | | | | | |
|------------------------------------|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Revenues: | | | | | | | | | | |
| Local sources: | | | | | | | | | | |
| Local tax | \$ 6,514,423 | 6,325,805 | 6,231,364 | 5,218,970 | 5,207,208 | 4,984,762 | 4,894,362 | 5,710,561 | 5,011,532 | 5,572,743 |
| Tuition | 541,300 | 568,043 | 464,355 | 606,375 | 402,188 | 357,263 | 341,325 | 316,320 | 368,233 | 324,598 |
| Other | 967,551 | 1,206,101 | 940,385 | 784,478 | 826,028 | 827,996 | 757,193 | 816,389 | 826,026 | 884,446 |
| Intermediate sources | - | 494 | - | - | 122 | 7,883 | 1,110 | 1,152 | 1,641 | 1,983 |
| State sources | 6,533,172 | 6,714,969 | 6,608,402 | 6,743,535 | 6,121,949 | 6,211,976 | 6,039,929 | 4,921,034 | 5,078,041 | 4,756,508 |
| Federal sources | 349,849 | 334,765 | 334,571 | 347,658 | 343,136 | 263,080 | 303,789 | 326,481 | 585,366 | 678,724 |
| Total | \$ 14,906,295 | 15,150,177 | 14,579,077 | 13,701,016 | 12,900,631 | 12,652,960 | 12,337,708 | 12,091,937 | 11,870,839 | 12,219,002 |
| Expenditures: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 4,600,342 | 4,580,656 | 4,579,206 | 4,835,201 | 4,631,629 | 4,740,312 | 5,093,452 | 5,469,341 | 4,974,046 | 4,989,596 |
| Special | 1,694,927 | 1,550,545 | 1,520,451 | 1,555,584 | 1,513,996 | 1,445,875 | 1,237,022 | 1,299,281 | 1,356,977 | 1,323,826 |
| Other | 2,052,579 | 2,234,677 | 2,165,708 | 1,879,006 | 1,900,490 | 2,030,558 | 1,837,150 | 1,781,138 | 1,918,414 | 1,683,406 |
| Support services: | | | | | | | | | | |
| Student | 254,195 | 231,638 | 170,950 | 176,504 | 210,792 | 191,316 | 210,481 | 203,666 | 183,047 | 210,279 |
| Instructional staff | 635,625 | 639,423 | 632,951 | 667,707 | 347,110 | 355,608 | 253,145 | 283,043 | 281,297 | 261,340 |
| Administration | 1,361,982 | 1,340,244 | 1,365,428 | 1,310,740 | 1,276,326 | 1,201,497 | 1,205,532 | 1,212,399 | 1,139,427 | 1,067,890 |
| Operation and maintenance of plant | 1,135,794 | 1,014,421 | 1,171,969 | 1,021,809 | 1,300,852 | 968,873 | 807,412 | 824,868 | 726,734 | 755,004 |
| Transportation | 540,256 | 686,586 | 685,725 | 551,986 | 710,714 | 526,579 | 769,521 | 519,940 | 563,150 | 555,358 |
| Non-instructional programs | - | - | - | - | - | 16,307 | - | - | - | - |
| Capital outlay | 4,372,412 | 10,582,732 | 4,100,759 | 1,286,007 | 332,184 | 409,146 | 391,004 | 362,319 | 495,612 | 431,505 |
| Long-term debt: | | | | | | | | | | |
| Principal | 915,000 | 925,000 | 670,000 | 170,000 | 170,000 | 165,000 | 2,965,000 | 130,000 | 100,000 | 100,000 |
| Interest | 595,851 | 613,732 | 328,131 | 60,460 | 62,245 | 63,483 | 78,038 | 132,110 | 135,510 | 138,760 |
| Other expenditures: | | | | | | | | | | |
| AEA flowthrough | 442,297 | 442,433 | 441,440 | 431,416 | 425,138 | 426,067 | 422,810 | 410,546 | 410,210 | 454,695 |
| Total | \$ 18,601,260 | 24,842,087 | 17,832,718 | 13,946,420 | 12,881,476 | 12,540,621 | 15,270,567 | 12,628,651 | 12,284,424 | 11,971,659 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of New Hampton Community School District as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise New Hampton Community School District's basic financial statements, and have issued our report thereon dated May 13, 2021.

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 have not been identified. We did identify a certain deficiency in internal control, described in Part I of the accompanying Schedule of Findings as item I-A-20 that we consider to be material weaknesses.

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. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

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

New Hampton Community School District's Responses to Findings

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

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

May 13, 2021
Newton, Iowa

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2020

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-20 Segregation of Duties

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

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

- 1) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 2) Receipts - collecting, receipting, deposit preparation and, depositing, journalizing; posting and reconciling.

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

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

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

Response - The District will develop a plan to correct the deficiencies in our segregation of duties.

Conclusion - Response accepted.

Part II: Other Findings Related to Statutory Reporting:

II-A-20 Certified Budget - Expenditures for the year ended June 30, 2020 exceed the amended certified budget amounts in the other expenditures function.

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

Response - We will amend the budget in a timely matter.

Conclusion - Response accepted.

II-B-20 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-20 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-20 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

| Name, Title and Business Connection | Transaction Description | Amount |
|--|-------------------------|----------|
| Terry Phillips, Cook Spouse owns Phillips Refrigeration | Services | \$1,775 |
| Jeanette Laures, Teacher Spouse owns Vern Laures Chevy | Supplies | \$2,638 |
| Chad Pemble, Teacher Spouse owns Screen Print To Go | Supplies | \$44,825 |
| Diane Sumner, Para-Educator Spouse owns Dan Sumner Construction | Supplies | \$1,200 |
| Michelle Hoy, Teacher Spouse owns EH Electric, LLC | Services | \$11,747 |
| Ryan Rausch, Non-Employee Coach Spouse owns American Solutions for Business | Supplies | \$9,390 |

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

II-E-20 Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

II-F-20 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

II-G-20 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

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

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

| | | |
|------------------------------------|------------|--------------------------|
| Beginning balance | | \$ 703,785 |
| Revenues: | | |
| Sales tax revenues | \$ 975,254 | |
| Other local revenues | 47,906 | <u>1,023,160</u> |
| Expenditures/transfers out: | | |
| School infrastructure construction | 71,828 | |
| Equipment | 208,190 | |
| Other | 20,491 | |
| Transfers to other funds: | | |
| Debt service fund | 693,780 | <u>994,289</u> |
| Ending balance | | <u><u>\$ 732,656</u></u> |

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

- II-N-20 Student Activity Fund - During our audit issues arose about the properness of certain accounts within the Student Activity Fund. In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program. More specific examples of those are as follows:

Scholarship: We noted scholarships awarded and paid within the Student Activity Fund. Money in the Student Activity Fund is considered to be public funds and is inappropriate to be given to individuals.

Recommendation - When fundraising takes place, the District should deposit the proceeds into the appropriate fund. Moneys fundraised for scholarships should be receipted and expensed from the Private Purpose Trust Fund. Furthermore, scholarships should not be paid from the Student Activity Fund as those expenses are not extracurricular or co-curricular in nature.

Response - The District will make a plan so that we aren't distributing scholarship funds out of there in the future.

Conclusion - Response accepted.

Miscellaneous (Interest) Account: We noted during our audit that the District has a Miscellaneous account within the Student Activity Fund, which appears to be used to record interest revenue.

Recommendation - The District should review this account and interest earned during the year should be allocated to other accounts within the Student Activity Fund on an annual basis, per Board discretion.

Response - The District will distribute the interest as allocated to other accounts with board approval.

Conclusion - Response accepted.