

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

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New Hampton Community School District

Officials

Board of Education

Jay Matthews	President	2023
Timothy Denner	Vice President	2025
Nathaniel Schwickerath	Board Member	2023
Adam Schwickerath	Board Member	2025
Bob Ayers	Board Member	2025

School Officials

Jay Jurrens	Superintendent	2022
Christy Roethler	Board Secretary/Treasurer School Business Official	2022
Swisher & Cohrt, P.L.C.	Attorney	2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of New Hampton Community School District, New Hampton, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the New Hampton Community School District as of June 30, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. general accepted accounting principles.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 16 to the financial statements, New Hampton Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 15 and 48 through 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information, including the Schedule of Expenditures of Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 9, 2023 on our consideration of New Hampton Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering New Hampton Community School District's internal control over financial reporting and compliance.

August 9, 2023
Newton, Iowa


NOLTE, CORNMAN & JOHNSON, P.C.

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, 2022. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2022 FINANCIAL HIGHLIGHTS

- The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of the standard revised certain assets and liability accounts related to leases, resulting in a restatement of the General Fund of \$524 and the Governmental Activities were restated by \$226.
- General Fund revenues increased from \$12,015,293 in fiscal year 2021 to \$12,244,676 in fiscal year 2022. General Fund expenditures increased from \$11,858,482 in fiscal year 2021 to \$12,785,049 in fiscal year 2022. The District's General Fund balance decreased from \$3,012,351 restated as of July 1, 2021 to \$2,471,978 at June 30, 2022, a 17.94% decrease from the prior year.
- The increase in General Fund revenues was primarily due to an increase in federal grant revenues. The increase in expenditures was due in part to increased expenditures for regular instruction.
- The District's total net position increased from \$4,550,589 at June 30, 2021 to \$5,057,095 at June 30, 2022. Total revenues increased 5.29% from \$15,654,565 in fiscal year 2021 to \$16,482,775 in fiscal year 2022, while total expenses increased 0.03% from \$15,972,254 in fiscal year 2021 to \$15,976,495 in fiscal year 2022.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

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

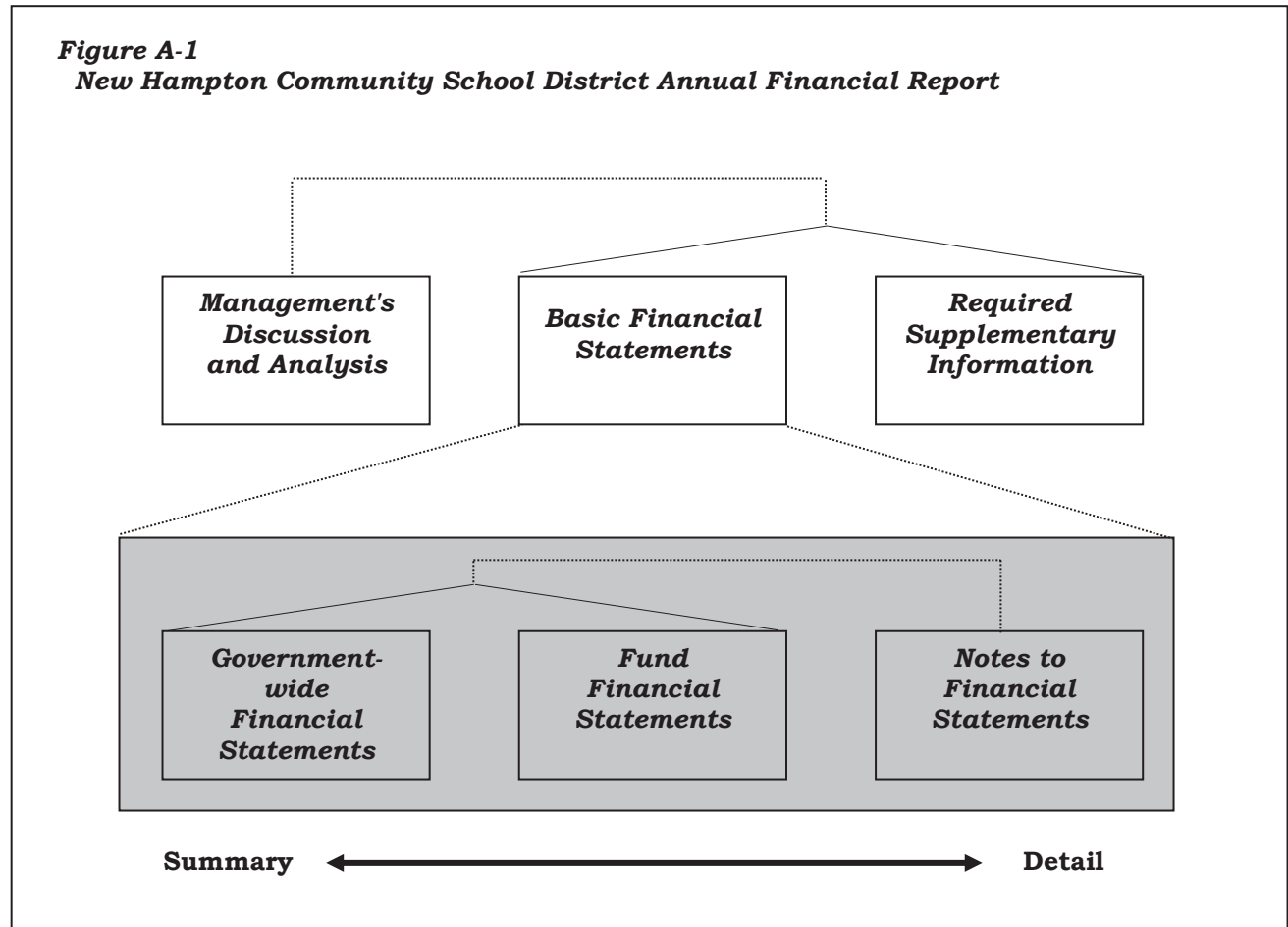


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2022 compared to June 30, 2021.

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,
	Restated		Not Restated		Restated		2021-22
	2022	2021	2022	2021	2022	2021	
Current and other assets	\$ 13,202,859	13,432,925	390,163	262,346	13,593,022	13,695,271	-0.75%
Capital assets	20,974,022	22,411,648	29,553	31,435	21,003,575	22,443,083	-6.41%
Total assets	<u>34,176,881</u>	<u>35,844,573</u>	<u>419,716</u>	<u>293,781</u>	<u>34,596,597</u>	<u>36,138,354</u>	<u>-4.27%</u>
Deferred outflows of resources	1,412,452	2,134,375	43,079	59,886	1,455,531	2,194,261	-33.67%
Long-term liabilities	17,889,637	25,197,521	28,109	199,905	17,917,746	25,397,426	-29.45%
Other liabilities	1,562,298	1,354,543	31,481	45,546	1,593,779	1,400,089	13.83%
Total liabilities	<u>19,451,935</u>	<u>26,552,064</u>	<u>59,590</u>	<u>245,451</u>	<u>19,511,525</u>	<u>26,797,515</u>	<u>-27.19%</u>
Deferred inflows of resources	11,328,606	6,956,279	154,902	28,006	11,483,508	6,984,285	64.42%
Net position:							
Net investment in capital assets	4,048,511	4,344,113	29,553	31,435	4,078,064	4,375,548	-6.80%
Restricted	2,663,128	2,589,670	-	-	2,663,128	2,589,670	2.84%
Unrestricted	(1,902,847)	(2,463,178)	218,750	48,775	(1,684,097)	(2,414,403)	30.25%
Total net position	<u>\$ 4,808,792</u>	<u>4,470,605</u>	<u>248,303</u>	<u>80,210</u>	<u>5,057,095</u>	<u>4,550,815</u>	<u>11.13%</u>

The District's total net position increased 11.13%, or \$506,280, from the prior year.

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

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$73,458, or 2.84%, from the prior year. The increase in restricted net position is mainly due to an increase in the amount restricted for management levy 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 - increased \$730,306, or 30.25%. This increase in unrestricted net position was mainly due to the decrease in the District's net pension and total OPEB liabilities compared to the prior year.

Figure A-4 shows the changes in net position for the year ended June 30, 2022 compared to the year ended June 30, 2021.

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	Not Restated		Not Restated		Not Restated		
	2022	2021	2022	2021	2022	2021	2021-22
Revenues:							
Program revenues:							
Charges for service	\$ 1,261,635	1,126,965	72,017	81,664	1,333,652	1,208,629	10.34%
Operating grants, contributions and restricted interest	1,820,559	1,711,486	813,546	631,002	2,634,105	2,342,488	12.45%
Capital grants, contributions and restricted interest	-	25,000	-	-	-	25,000	-100.00%
General revenues:							
Property tax	5,917,178	5,761,616	-	-	5,917,178	5,761,616	2.70%
Income surtax	466,221	575,508	-	-	466,221	575,508	-18.99%
Statewide sales, services and use tax	1,115,715	914,306	-	-	1,115,715	914,306	22.03%
Unrestricted state grants	4,955,499	4,777,985	-	-	4,955,499	4,777,985	3.72%
Unrestricted investment earnings	16,018	16,583	647	947	16,665	17,530	-4.93%
Other	39,883	29,386	3,857	2,117	43,740	31,503	38.84%
Total revenues	15,592,708	14,938,835	890,067	715,730	16,482,775	15,654,565	5.29%
Program expenses:							
Instruction	8,587,564	8,970,798	-	-	8,587,564	8,970,798	-4.27%
Support services	4,025,784	3,746,793	-	-	4,025,784	3,746,793	7.45%
Non-instructional programs	-	-	721,974	614,034	721,974	614,034	17.58%
Other expenses	2,641,173	2,640,629	-	-	2,641,173	2,640,629	0.02%
Total expenses	15,254,521	15,358,220	721,974	614,034	15,976,495	15,972,254	0.03%
Change in net position	338,187	(419,385)	168,093	101,696	506,280	(317,689)	-259.36%
Net position beginning of year, as restated	4,470,605	4,889,764	80,210	(21,486)	4,550,815	4,868,278	-6.52%
Net position end of year	\$ 4,808,792	4,470,379	248,303	80,210	5,057,095	4,550,589	11.13%

In fiscal year 2022, property tax and unrestricted state grants accounted for 69.73% of governmental activities revenues while charges for services and operating grants and contributions accounted for 99.49% of business type activities revenues.

The District's total revenues were approximately \$16.48 million, of which approximately \$15.59 million was for governmental activities and approximately \$0.89 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 5.29% increase in total revenues and a 0.03% increase in total expenses.

Governmental Activities

Revenues for governmental activities were \$15,592,708 and expenses were \$15,254,521 for the year ended June 30, 2022.

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, 2022 compared to those expenses for the year ended June 30, 2021.

Figure A-5 Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2022	2021	Change 2021-22	2022	2021	Change 2021-22
Instruction	\$ 8,587,564	8,970,798	-4.27%	6,141,094	6,776,355	-9.37%
Support services	4,025,784	3,746,793	7.45%	3,840,384	3,520,510	9.09%
Other expenses	2,641,173	2,640,629	0.02%	2,190,849	2,197,904	-0.32%
Total	<u>\$ 15,254,521</u>	<u>15,358,220</u>	<u>-0.68%</u>	<u>12,172,327</u>	<u>12,494,769</u>	<u>-2.58%</u>

For the year ended June 30, 2022:

- The cost financed by users of the District's programs was \$1,261,635.
- Federal and state governments along with contributions from local sources subsidized certain projects and programs with grants and contributions totaling \$1,820,559.
- The net cost of governmental activities was financed with \$5,917,178 in property tax, \$466,221 in income surtax, \$1,115,715 in statewide sales, services and use tax, \$4,955,499 in unrestricted state grants, \$16,018 in interest income and \$39,883 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$890,067 and expenses were \$721,974. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$5,127,419, below last year's ending combined restated fund balances of \$5,606,629. The decrease in combined fund balances is largely due to the decrease in the General Fund balance.

Governmental Fund Highlights

- The General Fund financial position is a product of many factors. The General Fund balance decreased from \$3,012,351 restated at July 1, 2021 to \$2,471,978 at June 30, 2022. An increase in federal grant revenues was the primary reason for an increase in total revenues compared to the prior year. Total expenditures increased as well mainly due to increased costs for support services.
- The Capital Projects Fund balance decreased from \$1,181,158 at June 30, 2021 to \$1,148,857 at June 30, 2022.
- The Debt Service Fund balance decreased from \$512,736 at June 30, 2021 to \$456,100 at June 30, 2022. Revenues and expenditures increased compared to the prior due to the issuance of a bond used to refund a prior bond issuance.

Proprietary Fund Highlights

The Proprietary, School Nutrition Fund net position improved from \$80,210 at June 30, 2021 to \$248,303 at June 30, 2022. Total revenues and other financing sources increased 24.36% while total expenses increased 17.58% causing the significant improvement in fund net position compared to the prior year.

BUDGETARY HIGHLIGHTS

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

The District's total revenues were \$1,032,789 more than total budgeted revenues, a variance of 6.68%. The most significant variance resulted from the District receiving more from federal sources than originally anticipated.

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had invested \$21,003,575, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$1,873,049.

The original cost of the District's capital assets was approximately \$39.00 million. Governmental funds accounted for approximately \$38.87 million with the remainder of approximately \$0.13 million in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings, net of accumulated depreciation, totaled \$19,223,731 at June 30, 2022, compared to \$20,771,121 reported at June 30, 2021. This decrease was primarily due to fiscal year 2022 depreciation expense.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	Restated		Not Restated		Restated		
	2022	2021	2022	2021	2022	2021	2021-22
Land	\$ 463,720	463,720	-	-	463,720	463,720	0.00%
Construction in progress	146,364	-	-	-	146,364	-	100.00%
Buildings	19,223,731	20,771,121	-	-	19,223,731	20,771,121	-7.45%
Land improvements	337,740	382,197	-	-	337,740	382,197	-11.63%
Machinery and equipment	746,586	722,373	29,553	31,435	776,139	753,808	2.96%
Right-to-use leased equipment	55,881	72,237	-	-	55,881	72,237	-22.64%
Total	\$ 20,974,022	22,411,648	29,553	31,435	21,003,575	22,443,083	-6.41%

Long-Term Debt

At June 30, 2022, the District had \$16,925,511 of total long-term debt outstanding. This represents a decrease of 6.32% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District had outstanding general obligation bonded indebtedness of \$15,530,000 at June 30, 2022.

The District had outstanding revenue bonded indebtedness of \$1,339,000 at June 30, 2022, payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District.

The District had lease agreements totaling \$56,511 at June 30, 2022 on copiers around the District payable from the Physical Plant and Equipment Levy Fund.

	Figure A-7		
	Outstanding Long-Term Obligations		
	Total	Total	Total
	District	Change	June 30,
	June 30,	June 30,	June 30,
	2022	Restated	2021-22
	2022	2021	2021-22
General obligation bonds	\$ 15,530,000	16,545,000	-6.13%
Revenue bonds	1,339,000	1,450,000	-7.66%
Lease agreements	56,511	72,535	-22.09%
Total	<u>\$ 16,925,511</u>	<u>18,067,535</u>	<u>-6.32%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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



NEW HAMPTON
COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 5,808,030	335,823	6,143,853
Receivables:			
Property tax:			
Delinquent	35,267	-	35,267
Succeeding year	5,955,478	-	5,955,478
Income surtax	534,009	-	534,009
Accounts	43,328	136	43,464
Lease	16,402	-	16,402
Due from other governments	810,345	48,084	858,429
Inventories	-	6,120	6,120
Capital assets not being depreciated/amortized:			
Land and construction in progress	610,084	-	610,084
Capital assets, net of accumulated depreciation/amortization:			
Buildings, land improvements, machinery and equipment and right-to-use leased equipment	20,363,938	29,553	20,393,491
Total assets	34,176,881	419,716	34,596,597
Deferred Outflows of Resources			
Pension related deferred outflows	1,278,760	38,859	1,317,619
OPEB related deferred outflows	133,692	4,220	137,912
Total deferred outflows of resources	1,412,452	43,079	1,455,531
Liabilities			
Accounts payable	284,760	1,201	285,961
Salaries and benefits payable	1,175,502	5,784	1,181,286
Advances from grantors	61,430	-	61,430
Accrued interest payable	40,606	-	40,606
Unearned revenue	-	24,496	24,496
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	790,000	-	790,000
Revenue bonds	216,000	-	216,000
Lease agreements	16,255	-	16,255
Termination benefits	52,700	-	52,700
Portion due after one year:			
General obligation bonds	14,740,000	-	14,740,000
Revenue bonds	1,123,000	-	1,123,000
Lease agreements	40,256	-	40,256
Termination benefits	10,500	-	10,500
Net pension liability	119,386	3,439	122,825
Total OPEB liability	781,540	24,670	806,210
Total liabilities	19,451,935	59,590	19,511,525
Deferred Inflows of Resources			
Unavailable property tax revenue	5,955,478	-	5,955,478
Pension related deferred inflows	5,148,034	148,297	5,296,331
OPEB related deferred inflows	209,227	6,605	215,832
Lease related deferred inflows	15,867	-	15,867
Total deferred inflows of resources	11,328,606	154,902	11,483,508
Net Position			
Net investment in capital assets	4,048,511	29,553	4,078,064
Restricted for:			
Categorical funding	111,196	-	111,196
Debt service	415,494	-	415,494
Management levy purposes	744,515	-	744,515
Student activities	239,252	-	239,252
Scholarships	3,814	-	3,814
School infrastructure	1,026,221	-	1,026,221
Physical plant and equipment	122,636	-	122,636
Unrestricted	(1,902,847)	218,750	(1,684,097)
Total net position	\$ 4,808,792	248,303	5,057,095

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 5,039,479	614,360	589,380	(3,835,739)	-	(3,835,739)
Special	1,322,483	40,554	195,521	(1,086,408)	-	(1,086,408)
Other	2,225,602	606,721	399,934	(1,218,947)	-	(1,218,947)
	<u>8,587,564</u>	<u>1,261,635</u>	<u>1,184,835</u>	<u>(6,141,094)</u>	<u>-</u>	<u>(6,141,094)</u>
Support services:						
Student	208,462	-	106,643	(101,819)	-	(101,819)
Instructional staff	637,442	-	1,597	(635,845)	-	(635,845)
Administration	1,041,623	-	-	(1,041,623)	-	(1,041,623)
Operation and maintenance of plant	1,463,846	-	58,285	(1,405,561)	-	(1,405,561)
Transportation	674,411	-	18,875	(655,536)	-	(655,536)
	<u>4,025,784</u>	<u>-</u>	<u>185,400</u>	<u>(3,840,384)</u>	<u>-</u>	<u>(3,840,384)</u>
Long-term debt interest	570,296	-	-	(570,296)	-	(570,296)
Other expenditures:						
AEA flowthrough	450,324	-	450,324	-	-	-
Depreciation/amortization (unallocated)*	1,620,553	-	-	(1,620,553)	-	(1,620,553)
	<u>2,070,877</u>	<u>-</u>	<u>450,324</u>	<u>(1,620,553)</u>	<u>-</u>	<u>(1,620,553)</u>
Total governmental activities	<u>15,254,521</u>	<u>1,261,635</u>	<u>1,820,559</u>	<u>(12,172,327)</u>	<u>-</u>	<u>(12,172,327)</u>
Business type activities:						
Non-instructional programs:						
Food service operations	721,974	72,017	813,546	-	163,589	163,589
Total	<u>\$ 15,976,495</u>	<u>1,333,652</u>	<u>2,634,105</u>	<u>(12,172,327)</u>	<u>163,589</u>	<u>(12,008,738)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 4,626,686	-	4,626,686
Debt service				1,044,715	-	1,044,715
Capital outlay				245,777	-	245,777
Income surtax				466,221	-	466,221
Statewide sales, services and use tax				1,115,715	-	1,115,715
Unrestricted state grants				4,955,499	-	4,955,499
Unrestricted investment earnings				16,018	647	16,665
Other				39,883	3,857	43,740
Total general revenues				<u>12,510,514</u>	<u>4,504</u>	<u>12,515,018</u>
Change in net position				338,187	168,093	506,280
Net position beginning of year, as restated				<u>4,470,605</u>	<u>80,210</u>	<u>4,550,815</u>
Net position end of year				<u>\$ 4,808,792</u>	<u>248,303</u>	<u>5,057,095</u>

* This amount excludes the depreciation/amortization 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, 2022

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 3,139,787	1,170,272	449,387	1,000,190	5,759,636
Receivables:					
Property tax:					
Delinquent	24,949	1,079	6,713	2,526	35,267
Succeeding year	4,283,229	188,804	1,058,445	425,000	5,955,478
Income surtax	534,009	-	-	-	534,009
Accounts	40	-	-	43,288	43,328
Lease	16,402	-	-	-	16,402
Due from other funds	-	49,645	-	16,967	66,612
Due from other governments	731,885	78,460	-	-	810,345
Total assets	\$ 8,730,301	1,488,260	1,514,545	1,487,971	13,221,077
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Due to other funds	\$ 66,612	-	-	-	66,612
Accounts payable	121,674	150,599	-	12,487	284,760
Salaries and benefits payable	1,175,502	-	-	-	1,175,502
Advances from grantors	61,430	-	-	-	61,430
Total liabilities	<u>1,425,218</u>	<u>150,599</u>	<u>-</u>	<u>12,487</u>	<u>1,588,304</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	4,283,229	188,804	1,058,445	425,000	5,955,478
Income surtax	534,009	-	-	-	534,009
Lease	15,867	-	-	-	15,867
Total deferred inflows of resources	<u>4,833,105</u>	<u>188,804</u>	<u>1,058,445</u>	<u>425,000</u>	<u>6,505,354</u>
Fund balances:					
Restricted for:					
Categorical funding	111,196	-	-	-	111,196
Debt service	-	-	456,100	-	456,100
Management levy purposes	-	-	-	807,715	807,715
Student activities	-	-	-	239,252	239,252
Scholarships	-	-	-	3,814	3,814
School infrastructure	-	1,026,221	-	-	1,026,221
Physical plant and equipment	-	122,636	-	-	122,636
Unassigned:					
General	2,360,782	-	-	-	2,360,782
Student activities	-	-	-	(297)	(297)
Total fund balances	<u>2,471,978</u>	<u>1,148,857</u>	<u>456,100</u>	<u>1,050,484</u>	<u>5,127,419</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 8,730,301	1,488,260	1,514,545	1,487,971	13,221,077

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, 2022

Total fund balances of governmental funds (page 20)	\$	5,127,419
 <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.		20,974,022
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.		534,009
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.		(40,606)
Blending of the Internal Service Fund to be reflected on an entity-wide basis.		48,394
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 1,412,452	
Deferred inflows of resources	<u>(5,357,261)</u>	(3,944,809)
Long-term liabilities, including bonds payable, termination benefits, net pension liability, lease agreements and total OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(17,889,637)</u>
Net position of governmental activities (page 18)	\$	<u><u>4,808,792</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, 2022

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 4,667,042	245,777	1,044,715	425,294	6,382,828
Tuition	705,699	-	-	-	705,699
Other	286,216	11,523	1,568	478,819	778,126
State sources	5,583,719	1,118,210	15,529	6,026	6,723,484
Federal sources	1,002,000	-	-	-	1,002,000
Total revenues	12,244,676	1,375,510	1,061,812	910,139	15,592,137
Expenditures:					
Current:					
Instruction:					
Regular	5,078,788	133,855	-	141,719	5,354,362
Special	1,611,198	-	-	-	1,611,198
Other	1,856,244	-	-	412,141	2,268,385
	8,546,230	133,855	-	553,860	9,233,945
Support services:					
Student	284,260	9,488	-	-	293,748
Instructional staff	678,851	2,142	-	-	680,993
Administration	1,208,103	13,605	-	11,928	1,233,636
Operation and maintenance of plant	1,123,146	41,472	-	148,348	1,312,966
Transportation	494,135	255,871	-	45,903	795,909
	3,788,495	322,578	-	206,179	4,317,252
Capital outlay	-	383,459	-	-	383,459
Long-term debt:					
Principal	-	-	2,621,024	-	2,621,024
Interest and fiscal charges	-	-	571,871	-	571,871
	-	-	3,192,895	-	3,192,895
Other expenditures:					
AEA flowthrough	450,324	-	-	-	450,324
Total expenditures	12,785,049	839,892	3,192,895	760,039	17,577,875
Excess (Deficiency) of revenues over (under) expenditures	(540,373)	535,618	(2,131,083)	150,100	(1,985,738)
Other financing sources (uses):					
Insurance proceeds	-	27,528	-	-	27,528
Revenue bond proceeds	-	-	1,479,000	-	1,479,000
Transfer in	-	-	595,447	-	595,447
Transfer out	-	(595,447)	-	-	(595,447)
Total other financing sources (uses)	-	(567,919)	2,074,447	-	1,506,528
Change in fund balances	(540,373)	(32,301)	(56,636)	150,100	(479,210)
Fund balances beginning of year, as restated	3,012,351	1,181,158	512,736	900,384	5,606,629
Fund balances end of year	\$ 2,471,978	1,148,857	456,100	1,050,484	5,127,419

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, 2022

Change in fund balances - total governmental funds (page 22) \$ (479,210)

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/amortization expense in the Statement of Activities. Capital outlay expenditures and depreciation/amortization expense in the current year are as follows:

Capital outlay	\$ 430,743	
Depreciation/amortization expense	<u>(1,868,369)</u>	(1,437,626)

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 571

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

Issued	(1,479,000)	
Repaid	<u>2,621,024</u>	1,142,024

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. 1,575

Net change in the Internal Service Fund charged back against expenditures on an entity-wide basis. 4,654

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. 595,298

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

Termination benefits	66,490	
Pension expense	478,233	
Total OPEB liability and related expenses	<u>(33,822)</u>	<u>510,901</u>

Change in net position of governmental activities (page 19) \$ 338,187

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business Type Activities: Enterprise, School Nutrition	Governmental Activities: Internal Service
Assets		
Current assets:		
Cash and pooled investments	\$ 335,823	48,394
Accounts receivable	136	-
Due from other governments	48,084	-
Inventories	6,120	-
Total current assets	390,163	48,394
Noncurrent assets:		
Capital assets, net of accumulated depreciation	29,553	-
Total assets	419,716	48,394
Deferred Outflows of Resources		
Pension related deferred outflows	38,859	-
OPEB related deferred outflows	4,220	-
Total deferred outflows of resources	43,079	-
Liabilities		
Current liabilities:		
Accounts payable	1,201	-
Salaries and benefits payable	5,784	-
Unearned revenue	24,496	-
Total current liabilities	31,481	-
Noncurrent liabilities:		
Net pension liability	3,439	-
Total OPEB liability	24,670	-
Total noncurrent liabilities	28,109	-
Total liabilities	59,590	-
Deferred Inflows of Resources		
Pension related deferred inflows	148,297	-
OPEB related deferred inflows	6,605	-
Total deferred inflows of resources	154,902	-
Net Position		
Net investment in capital assets	29,553	-
Unrestricted	218,750	48,394
Total net position	\$ 248,303	48,394

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Business Type Activities: Enterprise Funds	Governmental Activities:
	School Nutrition	Internal Service
Operating revenues:		
Local sources:		
Charges for service	\$ 72,017	67,305
Miscellaneous	3,857	-
Total operating revenues	<u>75,874</u>	<u>67,305</u>
Operating expenses:		
Support services:		
Administration:		
Benefits	-	62,778
Non-instructional programs:		
Food service operations:		
Salaries	256,695	-
Benefits	54,305	-
Services	11,214	-
Supplies	395,080	-
Depreciation	4,680	-
Total non-instructional programs	<u>721,974</u>	<u>-</u>
Total operating expenses	<u>721,974</u>	<u>62,778</u>
Operating income (loss)	<u>(646,100)</u>	<u>4,527</u>
Non-operating revenues:		
State sources	3,450	-
Federal sources	810,096	-
Interest income	647	127
Total non-operating revenues	<u>814,193</u>	<u>127</u>
Change in net position	168,093	4,654
Net position beginning of year	<u>80,210</u>	<u>43,740</u>
Net position end of year	<u>\$ 248,303</u>	<u>48,394</u>

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Business Type Activities: Enterprise Funds	Governmental Activities:
	School	Internal
	Nutrition	Service
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 72,134	-
Cash received from miscellaneous	3,857	67,305
Cash payments to employees for services	(349,198)	(62,778)
Cash payments to suppliers for goods or services	(351,525)	-
Net cash provided by (used in) operating activities	<u>(624,732)</u>	<u>4,527</u>
Cash flows from non-capital financing activities:		
State grants received	2,915	-
Federal grants received	773,581	-
Net cash provided by non-capital financing activities	<u>776,496</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(2,798)	-
Cash flows from investing activities:		
Interest on investments	647	127
Net increase in cash and pooled investments	149,613	4,654
Cash and pooled investments beginning of year	186,210	43,740
Cash and pooled investments end of year	<u>\$ 335,823</u>	<u>48,394</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (646,100)	4,527
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Commodities consumed	51,929	-
Depreciation	4,680	-
Change in assets and liabilities:		
Inventories	6,774	-
Accounts receivable	143	-
Accounts payable	(3,934)	-
Salaries and benefits payable	(10,105)	-
Net pension liability	(163,727)	-
Deferred outflows of resources	16,807	-
Deferred inflows of resources	126,896	-
Unearned revenue	(26)	-
Total OPEB liability	(8,069)	-
Net cash provided by (used in) operating activities	<u>\$ (624,732)</u>	<u>4,527</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2022, the District received \$51,929 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2022

	<u>Custodial</u>
Assets	
Cash and pooled investments	\$ 9,084
Liabilities	<u>-</u>
Net Position	
Restricted for other organizations	<u>\$ 9,084</u>

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2022

	Custodial
Additions:	
Local sources:	
Gifts and contributions	\$ 29,170
Deductions:	
Instruction:	
Regular:	
Supplies	29,586
Change in net position	(416)
Net position beginning of year	9,500
Net position end of year	\$ 9,084

SEE NOTES TO FINANCIAL STATEMENTS.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following nonmajor proprietary funds:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2021.

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

(except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of 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
Right-to-use leased assets	5,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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

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

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

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

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

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

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments, as well as any purchase option price included in the agreement that the District would be reasonably certain to exercise.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022, expenditures exceeded the amounts budgeted in the non-instructional programs and other expenditures functions.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2022 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 578,490
Debt Service	Capital Projects: Physical Plant and Equipment Levy	16,957
Total		<u>\$ 595,447</u>

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

The transfer from the Capital Projects: Physical Plant and Equipment Levy Fund to the Debt Service Fund was for principal and interest on the District's lease agreement.

(4) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects: Statewide Sales, Services and Use Tax	General	\$ 1,543
Capital Projects: Construction	General	48,102
Student Activity Fund	General	16,967
Total		<u>\$ 66,612</u>

The General Fund owes the Capital Projects: Statewide Sales, Services and Use Tax Fund for repair costs not reimbursed before year end.

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

The General Fund owes the Student Activity Fund a portion of grant proceeds intended to replace COVID-related losses and to reclassify expenses.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2022 is as follows:

	Restated, 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	-	146,364	-	146,364
Total capital assets not being depreciated	<u>463,720</u>	<u>146,364</u>	<u>-</u>	<u>610,084</u>
Capital assets being depreciated:				
Buildings	30,751,758	24,726	-	30,776,484
Land improvements	1,252,807	3,980	-	1,256,787
Machinery and equipment	5,886,204	255,673	-	6,141,877
Right-to-use leased equipment	81,778	-	-	81,778
Total capital assets being depreciated	<u>37,972,547</u>	<u>284,379</u>	<u>-</u>	<u>38,256,926</u>
Less accumulated depreciation for:				
Buildings	9,980,637	1,572,116	-	11,552,753
Land improvements	870,610	48,437	-	919,047
Machinery and equipment	5,163,831	231,460	-	5,395,291
Right-to-use leased equipment	9,541	16,356	-	25,897
Total accumulated depreciation	<u>16,024,619</u>	<u>1,868,369</u>	<u>-</u>	<u>17,892,988</u>
Total capital assets being depreciated, net	<u>21,947,928</u>	<u>(1,583,990)</u>	<u>-</u>	<u>20,363,938</u>
Governmental activities capital assets, net	<u>\$ 22,411,648</u>	<u>(1,437,626)</u>	<u>-</u>	<u>20,974,022</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 124,332	2,798	-	127,130
Less accumulated depreciation	92,897	4,680	-	97,577
Business type activities capital assets, net	<u>\$ 31,435</u>	<u>(1,882)</u>	<u>-</u>	<u>29,553</u>

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 48,915
Special	2,621
Other	22,210

Support Services:

Administration	9,867
Operation and maintenance of plant	25,434
Transportation	138,769

Unallocated depreciation

1,620,553

Total governmental activities depreciation expense

\$ 1,868,369

Business type activities:

Food service operations	<u>\$ 4,680</u>
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(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	Balance Beginning of Year, as restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 16,545,000	-	1,015,000	15,530,000	790,000
Revenue bonds	1,450,000	1,479,000	1,590,000	1,339,000	216,000
Lease agreements	72,535	-	16,024	56,511	16,255
Termination benefits	129,690	-	66,490	63,200	52,700
Net pension liability	6,140,977	-	6,021,591	119,386	-
Total OPEB liability	859,319	-	77,779	781,540	-
Total	<u>\$ 25,197,521</u>	<u>1,479,000</u>	<u>8,786,884</u>	<u>17,889,637</u>	<u>1,074,955</u>
Business type activities:					
Net pension liability	\$ 167,166	-	163,727	3,439	-
Total OPEB liability	32,739	-	8,069	24,670	-
Total	<u>\$ 199,905</u>	<u>-</u>	<u>171,796</u>	<u>28,109</u>	<u>-</u>

Lease Agreements

On November 25, 2020, the District entered into a lease agreement for copiers and printers. An initial lease liability was recorded in the amount of \$72,535 per Accounting Change/Restatement Note 16. The agreement requires monthly payments of \$1,413 with an implicit interest rate of 1.43% and final payment due November 2025. During the year ended June 30, 2022, principal and interest paid were \$16,024 and \$933, respectively.

Year Ending June 30,	Copier Lease Dated November 25, 2020				
	Interest Rate	Principal	Interest	Total	
2023	1.43 %	\$ 16,255	702	16,957	
2024	1.43	16,489	468	16,957	
2025	1.43	16,726	231	16,957	
2026	1.43	7,041	25	7,066	
Total		<u>\$ 56,511</u>	<u>1,426</u>	<u>57,937</u>	

General Obligation Bonds

Details of the District's June 30, 2022 general obligation bonded 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
2023	2.00 %	\$ 430,000	227,851	3.00 %	\$ 360,000	259,420	790,000	487,271	1,277,271
2024	2.00	440,000	219,251	3.00	375,000	248,620	815,000	467,871	1,282,871
2025	2.25	455,000	210,451	3.00	380,000	237,370	835,000	447,821	1,282,821
2026	2.50	470,000	200,214	3.00	390,000	225,970	860,000	426,184	1,286,184
2027	2.50	480,000	188,464	3.00	400,000	214,270	880,000	402,734	1,282,734
2028-2032	3.00	2,625,000	729,319	3.00-3.13	2,210,000	881,801	4,835,000	1,611,120	6,446,120
2033-2037	3.00-3.40	3,015,000	304,920	3.30-3.50	2,650,000	501,643	5,665,000	806,563	6,471,563
2038	-	-	-	3.60	850,000	44,280	850,000	44,280	894,280
Total		<u>\$ 7,915,000</u>	<u>2,080,470</u>		<u>\$ 7,615,000</u>	<u>2,613,374</u>	<u>15,530,000</u>	<u>4,693,844</u>	<u>20,223,844</u>

The District issued \$10,000,000 of general obligation bonds on June 1, 2017 and another \$9,415,000 on June 6, 2018 to finance several District infrastructure projects including the Middle School and Vocational Tech addition projects. During the year ended June 30, 2022, total principal and interest paid on the bonds was \$770,000 and \$506,172, respectively.

During the year ended June 30, 2022, the District collected \$180,000 of additional debt service levy and transferred \$65,000 from the Capital Projects: Statewide Sales, Services and Use Tax Fund to advance refund a portion of the Series 2018 general obligation bonds. During the year ended June 30, 2021, the District collected \$135,000 of additional debt service levy to advance refund a portion of the Series 2018 general obligation bonds. The pledged amounts have been placed in an irrevocable escrow account and have been invested in U.S. Government obligations which have been certified to be sufficient to pay \$380,000 in principal originally maturing June 1, 2038 when the bonds become callable on June 1, 2024. The interest cost savings to be provided by the surplus levies is \$191,520.

As a result, \$380,000 of the general obligation bonds issued June 6, 2018 are considered defeased in substance and the corresponding liability for those bonds has been removed from the appropriate financial statements and schedules.

The District remains contingently liable in the remote possibility the escrow account is insufficient to repay the refunded bonds at the call date. As of June 30, 2022, \$380,000 of such bonds are outstanding.

During the year ended June 30, 2022, as part of its budgeting process the District approved an additional debt service levy of \$145,000 to be collected in fiscal year 2022. The anticipated interest cost savings provided by the fiscal year 2023 surplus levy is \$73,080.

Revenue Bonds

Details of the District's June 30, 2022 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bonds issued February 3, 2022				
	Interest Rate	Principal	Interest	Total	
2023	1.25 %	\$ 216,000	16,738	232,738	
2024	1.25	219,000	14,037	233,037	
2025	1.25	220,000	11,300	231,300	
2026	1.25	222,000	8,550	230,550	
2027	1.25	228,000	5,775	233,775	
2025	1.25	234,000	2,925	236,925	
Total		<u>\$ 1,339,000</u>	<u>59,325</u>	<u>1,398,325</u>	

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,479,000 of bonds issued in February 2022. The bonds were issued for the purpose of refunding the remaining portion of Series 2013 revenue bonds. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2025. 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 21% of the statewide sales, services and use tax revenues. Total principal and interest remaining to be paid on the bonds is \$1,398,325. For the current year, principal of \$140,000 and interest of \$7,600 was paid on the bonds and total statewide sales, services and use tax revenues were \$1,115,715.

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

Termination Benefits (Early Retirement)

The District did not offer a voluntary early retirement plan for employees during fiscal year 2022. However, the District had remaining commitments from early retirement plans offered on occasion in previous years. Four participants from a 2014 offering are receiving District paid (\$700 max.) single coverage for continued participation in the District's health insurance plan until Medicare eligibility. In addition, four participants from a 2018 offering are receiving \$500/month deposited into an HRA for five years or until age 65, whichever occurs first.

At June 30, 2022, the District had obligations to eight individuals with a total liability of \$63,200. Actual early retirement expenditures for the year ended June 30, 2022 totaled \$66,490.

(7) Pension Plan

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

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

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

- A multiplier based on years of service.

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

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

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

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

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

In fiscal year 2022, 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, 2022 were \$614,469.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of \$122,825 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 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, 2021, the District's proportion was 0.035578%, which was a decrease of 0.054221% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$482,950. At June 30, 2022, 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	\$ 93,453	93,832
Changes of assumptions	80,338	-
Net difference between projected and actual earnings on IPERS' investments	-	4,450,148
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	529,359	752,351
District contributions subsequent to the measurement date	614,469	-
Total	\$ 1,317,619	5,296,331

\$614,469 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, 2023. 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
2023	\$ (1,155,073)
2024	(1,073,449)
2025	(1,060,079)
2026	(1,299,769)
2027	(4,811)
Total	\$ (4,593,181)

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2021 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, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	(0.29)
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	100.0%	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 4,347,177	122,825	(3,417,450)

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.

(8) Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. As of July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Active employees	156
Total	163

Total OPEB Liability - The District's total OPEB liability of \$806,210 was measured as of June 30, 2022 and was determined by an actuarial valuation dated July 1, 2021.

Actuarial Assumptions - The total OPEB liability as of June 30, 2022 was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	3.00% per annum.
Rates of salary increase	3.25% per annum, including inflation.
Discount rate	2.14% compounded annually, including inflation.
Healthcare cost trend rate	7.00% for FY2022, decreasing to an ultimate rate of 5.00%.

Discount Rate - The discount rate used to measure the total OPEB liability was 2.14% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the valuation date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement. Annual retirement probabilities are based on probabilities used in the IPERS valuation.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 892,058
Changes for the year:	
Service cost	71,602
Interest	17,425
Differences between expected and actual experiences	(204,459)
Changes in assumptions	80,453
Benefit payments	<u>(50,869)</u>
Net changes	<u>(85,848)</u>
Total OPEB liability end of year	<u>\$ 806,210</u>

Changes of assumptions reflect a change in the discount rate from 3.50% in fiscal year 2021 to 2.14% in fiscal year 2022.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate 1% lower (1.14%) or 1% higher (3.14%) than the current discount rate.

	<u>1% Decrease (1.14%)</u>	<u>Discount Rate (2.14%)</u>	<u>1% Increase (3.14%)</u>
Total OPEB liability	\$ 873,603	806,210	743,882

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates 1% lower (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rates.

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB liability	\$ 717,471	806,210	913,476

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2022, the District recognized OPEB expense of \$80,380. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61,788	191,788
Changes in assumptions	76,124	24,044
Total	\$ 137,912	215,832

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

Year Ended June 30,	Amount
2023	\$ (8,647)
2024	(8,647)
2025	(8,647)
2026	(8,647)
2027	(8,647)
Thereafter	(34,685)
Total	\$ (77,920)

(9) Risk Management

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

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

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to NEIST for the year ended June 30, 2022 were \$1,360,459.

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, 2022, no liability has been recorded in the District's financial statements. As of June 30, 2022, settled claims have not exceeded the risk pool or reinsurance company coverage.

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

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

(10) Categorical Funding

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

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2022.

Program	Amount
Home School Assistance Program (HSAP)	\$ 214
At-Risk Programs	5,929
Gifted and Talented Programs	53,017
Textbook Aid for Nonpublic Students	716
Successful Progression for Early Readers	42,582
Professional Development System for Statewide Early Childhood System	1,029
Teacher Development Academies	1,474
Professional Development	6,235
Total	<u>\$ 111,196</u>

(11) Reconciliation of Governmental Fund Balances to Net Position

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

	Net investment in Capital Assets	Debt Service	Management Levy	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	456,100	807,715	2,360,782
Capital assets, net of accumulated depreciation/amortization	20,974,022	-	-	-
General obligation bond capitalized indebtedness	(15,530,000)	-	-	-
Revenue bond capitalized indebtedness	(1,339,000)	-	-	-
Right to use lease capitalized indebtedness	(56,511)	-	-	-
Accrued interest payable	-	(40,606)	-	-
Income surtax	-	-	-	534,009
Termination benefits	-	-	(63,200)	-
Unassigned student activity balance	-	-	-	(297)
Internal service fund balance	-	-	-	48,394
Pension related deferred outflows	-	-	-	1,278,760
Pension related deferred inflows	-	-	-	(5,148,034)
Net pension liability	-	-	-	(119,386)
Total OPEB liability	-	-	-	(781,540)
OPEB related deferred outflows	-	-	-	133,692
OPEB related deferred inflows	-	-	-	(209,227)
Net position (Exhibit A)	<u>\$ 4,048,511</u>	<u>415,494</u>	<u>744,515</u>	<u>(1,902,847)</u>

(12) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$450,324 for the year ended June 30, 2022 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(13) Tax Abatements

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

Tax Abatements of Other Entities

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2022 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	\$ 91,780

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, 2022, this reimbursement amounted to \$57,459.

(14) Budget Overexpenditure

Per Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2022, District expenditures exceeded the amounts budgeted in the non-instructional programs and other expenditures functions.

(15) Deficit Unassigned Fund Balance

At June 30, 2022, the District had one Student Activity Fund account with a deficit unassigned fund balance of \$297.

(16) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented as of the beginning of the year ended June 30, 2022. The requirements of this statement apply to financial statements of all state and local governments and establishes standards of accounting and financial reporting for leases by lessees and lessors. Beginning net position for governmental activities, was restated to retroactively recognize the beginning lease liability and the intangible right-to-use lease asset when the District is the lessee and also for the lease receivable and related deferred inflow of resources when the District is the lessor.

	<u>Governmental Activities</u>
Net position June 30, 2021, as previously reported	\$ 4,470,379
Net capital asset restatement for GASBS No. 87	72,237
Net long-term liabilities restatement for GASBS No. 87	(72,535)
Lease receivable restatement for GASBS No. 87	24,324
Lease related deferred inflows restatement for GASBS No. 87	(23,800)
Net position July 1, 2021, as restated	<u>\$ 4,470,605</u>

Details of the restatement for capital assets and long-term liabilities are as follows:

	<u>Capital Assets</u>	<u>Long Term Liabilities</u>
Balances June 30, 2021, as previously reported	\$ 22,339,411	25,124,986
Changes to implement GASBS No. 87:		
Lease agreements	-	72,535
Right-to-Use Leased Equipment	81,778	-
Accumulated Depreciation, Right-to-Use Leased Equipment	(9,541)	-
Balances July 1, 2021, as restated	<u>\$ 22,411,648</u>	<u>25,197,521</u>

The General Fund was restated to retroactively recognize the beginning receivable and deferred inflows of resources for the District being the lessor.

	<u>General Fund</u>
Balances June 30, 2021, as previously reported	\$ 3,011,827
Lease receivable restatement for GASBS No. 87	24,324
Lease related deferred inflows restatement for GASBS No. 87	(23,800)
Balances July 1, 2021, as restated	<u>\$ 3,012,351</u>

(16) Construction Commitment

The District has entered into contracts totaling \$338,753 for a track project. As of June 30, 2022, costs of \$146,364 had been incurred on the project. The remaining balance of \$192,389 will be paid as work on the project progresses. The total cost of the project will be capitalized upon completion.

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, 2022

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds	Funds		Original	Final	
	Actual	Actual	Actual			
Revenues:						
Local sources	\$ 7,866,653	76,521	7,943,174	8,102,731	8,102,731	(159,557)
State sources	6,723,484	3,450	6,726,934	6,611,810	6,611,810	115,124
Federal sources	1,002,000	810,096	1,812,096	734,874	734,874	1,077,222
Total revenues	15,592,137	890,067	16,482,204	15,449,415	15,449,415	1,032,789
Expenditures/Expenses:						
Instruction	9,233,945	-	9,233,945	9,806,596	9,906,596	672,651
Support services	4,317,252	-	4,317,252	4,966,254	4,966,254	649,002
Non-instructional programs	-	721,974	721,974	-	710,822	(11,152)
Other expenditures	4,026,678	-	4,026,678	2,111,943	3,757,364	(269,314)
Total expenditures/expenses	17,577,875	721,974	18,299,849	16,884,793	19,341,036	1,041,187
Excess (Deficiency) of revenues over (under) expenditures/expenses	(1,985,738)	168,093	(1,817,645)	(1,435,378)	(3,891,621)	2,073,976
Other financing sources, net	1,506,528	-	1,506,528	-	-	1,506,528
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	(479,210)	168,093	(311,117)	(1,435,378)	(3,891,621)	3,580,504
Balances beginning of year, as restated	5,606,629	80,210	5,686,839	4,905,344	4,905,344	781,495
Balances end of year	\$ 5,127,419	248,303	5,375,722	3,469,966	1,013,723	4,361,999

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2022

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$2,456,243.

During the year ended June 30, 2022, expenditures in the non-instructional programs and other expenditures functions exceed the amounts budgeted.

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

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.035578%	0.089799%	0.102408%	0.081623%	0.093576%	0.090771%	0.092339%	0.095281%
District's proportionate share of the net pension liability	\$ 122,825	6,308,143	5,930,066	5,165,282	6,233,335	5,712,532	4,562,011	3,778,764
District's covered payroll	\$ 7,110,799	7,126,629	7,793,602	6,134,706	6,984,986	6,514,093	6,326,088	6,232,609
District's proportionate share of the net pension liability as a percentage of its covered payroll	1.73%	88.52%	76.09%	84.20%	89.24%	87.69%	72.11%	60.63%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 614,469	671,260	672,754	735,715	547,829	623,759	581,708	564,919	556,599	537,040
Contributions in relation to the statutorily required contribution	(614,469)	(671,260)	(672,754)	(735,715)	(547,829)	(623,759)	(581,708)	(564,919)	(556,599)	(537,040)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 6,509,203	7,110,799	7,126,629	7,793,602	6,134,706	6,984,986	6,514,093	6,326,088	6,232,609	6,194,233
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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

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

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

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Reporting period ended June 30, 2022	2.14%
Reporting period ended June 30, 2021	3.50%
Reporting period ended June 30, 2020	3.50%
Reporting period ended June 30, 2019	3.58%
Reporting period ended June 30, 2018	3.56%
Reporting period ended June 30, 2017	2.92%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



NEW HAMPTON
COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue			Total Nonmajor
	Management Levy	Student Activity	Scholarship	
Assets				
Cash and pooled investments	\$ 812,761	183,615	3,814	1,000,190
Receivables:				
Property tax:				
Delinquent	2,526	-	-	2,526
Succeeding year	425,000	-	-	425,000
Accounts	-	43,288	-	43,288
Due from other funds	-	16,967	-	16,967
Total assets	\$ 1,240,287	243,870	3,814	1,487,971
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 7,572	4,915	-	12,487
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property taxes	425,000	-	-	425,000
Fund balances:				
Restricted for:				
Management levy purposes	807,715	-	-	807,715
Student activities	-	239,252	-	239,252
Scholarships	-	-	3,814	3,814
Unassigned:				
Student activities	-	(297)	-	(297)
Total fund balances	807,715	238,955	3,814	1,050,484
Total liabilities, deferred inflows of resources and fund balances	\$ 1,240,287	243,870	3,814	1,487,971

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, 2022

	Special Revenue			Total Nonmajor
	Management Levy	Student Activity	Scholarship	
Revenues:				
Local sources:				
Local tax	\$ 425,294	-	-	425,294
Other	6,330	468,675	3,814	478,819
State sources	6,026	-	-	6,026
Total revenues	437,650	468,675	3,814	910,139
Expenditures:				
Current:				
Instruction:				
Regular	141,719	-	-	141,719
Other	-	412,141	-	412,141
Support services:				
Administration	11,928	-	-	11,928
Operation and maintenance of plant	148,348	-	-	148,348
Transportation	45,903	-	-	45,903
Total expenditures	347,898	412,141	-	760,039
Change in fund balances	89,752	56,534	3,814	150,100
Fund balances beginning of year	717,963	182,421	-	900,384
Fund balances end of year	\$ 807,715	238,955	3,814	1,050,484

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND ACCOUNTS
JUNE 30, 2022

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Construction	Total
Assets				
Cash and pooled investments	\$ 1,047,169	123,103	-	1,170,272
Receivables:				
Property tax:				
Delinquent	-	1,079	-	1,079
Succeeding year	-	188,804	-	188,804
Due from other funds	1,543	-	48,102	49,645
Due from other governments	78,460	-	-	78,460
Total assets	\$ 1,127,172	312,986	48,102	1,488,260
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 149,053	1,546	-	150,599
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	188,804	-	188,804
Fund balances:				
Restricted for:				
School infrastructure	978,119	-	48,102	1,026,221
Physical plant and equipment	-	122,636	-	122,636
Total fund balances	978,119	122,636	48,102	1,148,857
Total liabilities, deferred inflows of resources and fund balances	\$ 1,127,172	312,986	48,102	1,488,260

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, 2022

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Construction	
Revenues:				
Local sources:				
Local tax	\$ -	245,777	-	245,777
Other	11,131	392	-	11,523
State sources	1,115,715	2,495	-	1,118,210
Total revenues	<u>1,126,846</u>	<u>248,664</u>	<u>-</u>	<u>1,375,510</u>
Expenditures:				
Current:				
Instruction:				
Regular	133,855	-	-	133,855
Support services:				
Student	-	9,488	-	9,488
Instructional staff	-	2,142	-	2,142
Administration	13,605	-	-	13,605
Operation and maintenance of plant	41,472	-	-	41,472
Transportation	14,491	241,380	-	255,871
Capital outlay	377,520	5,939	-	383,459
Total expenditures	<u>580,943</u>	<u>258,949</u>	<u>-</u>	<u>839,892</u>
Excess (Deficiency) of revenues over (under) expenditures	545,903	(10,285)	-	535,618
Other financing sources (uses):				
Insurance proceeds	-	27,528	-	27,528
Transfer out	(578,490)	(16,957)	-	(595,447)
Total other financing sources (uses)	<u>(578,490)</u>	<u>10,571</u>	<u>-</u>	<u>(567,919)</u>
Change in fund balances	(32,587)	286	-	(32,301)
Fund balances beginning of year	<u>1,010,706</u>	<u>122,350</u>	<u>48,102</u>	<u>1,181,158</u>
Fund balances end of year	<u>\$ 978,119</u>	<u>122,636</u>	<u>48,102</u>	<u>1,148,857</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, 2022

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfer	Balance End of Year
Drama	\$ 4,782	5,488	3,875	-	6,395
Speech	(297)	648	648	-	(297)
HS Vocal Music	(162)	793	587	-	44
HS Instrumental Music	2,037	2,051	2,022	-	2,066
MS Vocal Music	-	150	150	-	-
MS Music	1,037	-	186	-	851
MS Musical	5,934	2,267	1,332	-	6,869
Swing Choir	432	-	-	-	432
HS Cheerleaders	7,362	8,056	8,575	-	6,843
Flags	3,342	-	-	-	3,342
Trapshooting	43,335	99,885	54,993	(2,227)	86,000
General Athletics	20,220	122,173	133,117	-	9,276
Sports Camps	30,956	53,089	51,416	-	32,629
GSA	38	-	-	-	38
National Honor Society	2,027	6,847	8,874	-	-
HS Annual	6,164	6,940	5,937	-	7,167
Art Club	1,263	-	1,000	-	263
AFS	2,281	1,223	-	-	3,504
FFA	5,219	72,443	66,445	-	11,217
SADD	2,867	-	-	-	2,867
Student Senate	4,672	647	593	-	4,726
Interact Rotary	292	50	49	-	293
Activity Tickets	-	9,683	3,933	-	5,750
Lettermen	10,128	19,849	18,342	-	11,635
Letterette	2,541	1,350	2,116	-	1,775
NEIC Athletic Directors	1,500	-	1,500	-	-
State Senate Vending	2,379	39,007	22,802	-	18,584
Miscellaneous	1,005	-	1,005	-	-
MS Annual	6,554	-	2,524	-	4,030
MS Business Club	1,099	-	-	-	1,099
MS Student Senate	3,528	515	430	-	3,613
Student Assistance	2,640	-	-	-	2,640
Dance Team	3,168	10,519	15,073	2,227	841
Class of 2021	1,444	-	1,444	-	-
Class of 2022	2,575	-	2,331	-	244
Class of 2023	17	4,908	754	-	4,171
Class of 2024	42	-	-	-	42
Class of 2025	-	94	88	-	6
Total	\$ 182,421	468,675	412,141	-	238,955

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUND ACCOUNTS
 YEAR ENDED JUNE 30, 2022

Account	Net Position Beginning of Year	Additions	Deductions	Net Position End of Year
NEIC	\$ 1,774	8,675	7,612	2,837
Iowa Big North	7,726	20,495	21,974	6,247
Total	\$ 9,500	29,170	29,586	9,084

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Local sources:										
Local tax	\$ 6,382,828	6,297,043	6,514,423	6,325,805	6,231,364	5,218,970	5,207,208	4,984,762	4,894,362	5,710,561
Tuition	705,699	709,402	541,300	568,043	464,355	606,375	402,188	357,263	341,325	316,320
Other	778,126	551,411	967,551	1,206,101	940,385	784,478	826,028	827,996	757,193	816,389
Intermediate sources	-	-	-	494	-	-	122	7,883	1,110	1,152
State sources	6,723,484	6,511,871	6,533,172	6,714,969	6,608,402	6,743,535	6,121,949	6,211,976	6,039,929	4,921,034
Federal sources	1,002,000	829,027	349,849	334,765	334,571	347,658	343,136	263,080	303,789	326,481
Total	\$ 15,592,137	14,898,754	14,906,295	15,150,177	14,579,077	13,701,016	12,900,631	12,652,960	12,337,708	12,091,937
Expenditures:										
Instruction:										
Regular	\$ 5,354,362	5,050,693	4,600,342	4,580,656	4,579,206	4,835,201	4,631,629	4,740,312	5,093,452	5,469,341
Special	1,611,198	1,452,239	1,694,927	1,550,545	1,520,451	1,555,584	1,513,996	1,445,875	1,237,022	1,299,281
Other	2,268,385	2,219,529	2,052,579	2,234,677	2,165,708	1,879,006	1,900,490	2,030,558	1,837,150	1,781,138
Support services:										
Student	293,748	125,000	254,195	231,638	170,950	176,504	210,792	191,316	210,481	203,666
Instructional staff	680,993	592,159	635,625	639,423	632,951	667,707	347,110	355,608	253,145	283,043
Administration	1,233,636	1,206,989	1,361,982	1,340,244	1,365,428	1,310,740	1,276,326	1,201,497	1,205,532	1,212,399
Operation and maintenance of plant	1,312,966	1,267,613	1,135,794	1,014,421	1,171,969	1,021,809	1,300,852	968,873	807,412	824,868
Transportation	795,909	427,226	540,256	686,586	685,725	551,986	710,714	526,579	769,521	519,940
Non-instructional programs	-	-	-	-	-	-	-	16,307	-	-
Capital outlay	383,459	232,210	4,372,412	10,582,732	4,100,759	1,286,007	332,184	409,146	391,004	362,319
Long-term debt:										
Principal	2,621,024	1,070,000	915,000	925,000	670,000	170,000	170,000	165,000	2,965,000	130,000
Interest	571,871	577,201	595,851	613,732	328,131	60,460	62,245	63,483	78,038	132,110
Other expenditures:										
AEA flowthrough	450,324	442,725	442,297	442,433	441,440	431,416	425,138	426,067	422,810	410,546
Total	\$ 17,577,875	14,663,584	18,601,260	24,842,087	17,832,718	13,946,420	12,881,476	12,540,621	15,270,567	12,628,651

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY 22	\$ 71,660
National School Lunch Program	10.555	FY 22	656,702 *
Summer Food Service Program for Children	10.559	FY 22	81,734
Total U.S. Department of Agriculture			<u>810,096</u>
U.S. Department of Education:			
Passed Through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 22	<u>148,025</u>
Supporting Effective Instruction State Grants	84.367	FY 22	<u>28,398</u>
Student Support and Academic Enrichment Program	84.424	FY 22	<u>9,396</u>
Education Stabilization Fund:			
COVID-19 Discretionary Grants: Rethink K-12 Education Models Grants	84.425B	FY 22	5,787
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	FY 22	39,141
COVID-19 Elementary and Secondary School Relief (ESSER) Fund	84.425D	FY 22	224,391
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Re	84.425U	FY 22	343,810
Total - Education Stabilization Fund			<u>613,129</u>
Passed Through Keystone Area Education Agency:			
Special Education Grants to States	84.027	FY 22	44,795
COVID-19 ARP Special Education Grants to States	84.027X	FY 22	6,911
Total Special Education Grants to States			<u>51,706</u>
Career and Technical Education - Basic Grants to States	84.048	FY 22	<u>12,234</u>
Total U.S. Department of Education			<u>862,888</u>
Total			<u>\$ 1,672,984</u>

* - Includes \$51,929 of non-cash awards.

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of New Hampton Community School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of New Hampton Community School District, it is not intended to and does not represent the financial position, changes in financial position or cash flows of New Hampton Community School District.

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

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of New Hampton Community School District as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 9, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2022 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

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

Purpose of this Report

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

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

August 9, 2023
Newton, Iowa

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited New Hampton Community School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of New Hampton Community School District's major federal programs for the year ended June 30, 2022. New Hampton Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, New Hampton Community School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 and 2022-002, to be a material weakness.

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

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

August 9, 2023
Newton, Iowa

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

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

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

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

2022-001 Segregation of Duties

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

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

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

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

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

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

Response and Corrective Action Planned - The District will look at its internal procedures to find ways to segregate duties as much as possible with the limited staff members it has.

Conclusion - Response accepted.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

AL Number 10.553 - School Breakfast Program
AL Number 10.555 - National School Lunch Program
AL Number 10.559 - Summer Food Service Program for Children
Pass-Through Entity Identifying Number: FY22
Federal Award Year: 2022
Prior Year Finding Number: III-A-21 (2021-001)
U.S. Department of Agriculture
Passed through the Iowa Department of Education

2022-002 Segregation of Duties

One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted one individual has control over portions of one or more of the following areas for the District relating to major federal programs; investments, receipts and journal entries. See finding 2022-001.

NEW HAMPTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Part IV: Other Findings Related to Statutory Reporting:

2022-A Certified Budget - During the year ended June 30, 2022, expenditures in the non-instructional programs and other expenditures functions exceeded the amended amounts budgeted.

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

Response - The district will monitor the budget closely to make sure it is amended before expenditures exceed budgeted amounts.

Conclusion - Response accepted.

2022-B 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.

2022-C 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.

2022-D Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Jeanette Laures, Teacher Spouse owns Vern Laures Chev-Buick	Purchase and repairs	\$23,937
Chad Pemble, Teacher Spouse owns Screen Print to Go	Services	\$26,626
Ryan Raush, Coach Spouse is sales rep at American Solutions for Business	Services	\$3,290
Michelle Hoy, Teacher Spouse owns EH Electric LLC	Services	\$2,850
Christy Roethler, School Business Manager owns Images by Christy	Services	\$56
Mother owns Cakes by Vickie	Supplies	\$96
Tim Denner, Board Member Owns Mohawk Electric	Services	\$1,142

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

In accordance with an Attorney General's opinion dated July 2, 1990, the above transactions with the District employees do not appear to represent a conflict of interest.

In accordance with Chapter 279.7A of the Code of Iowa the transactions with the board member do not appear to represent a conflict of interest.

2022-E 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.

2022-F 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.

2022-G Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted an instance of the board minutes not being submitted for publication within the time frame established by Iowa Code 279.35.

Recommendation - The District should review the procedures in place and make the necessary adjustments to comply with the Code of Iowa.

Response - The district will review its procedures to make sure board minutes are published within the time frame established by the Code of Iowa.

Conclusion - Response accepted.

2022-H Certified Enrollment - We noted the enrollment data certified to the Iowa Department of Education was understated by 0.95.

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

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

Conclusion - Response accepted.

2022-I Supplementary Weighting - No variances regarding the supplementary weighting data certified to the Iowa Department of Education were noted.

2022-J Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

2022-K Certified Annual Report - The Certified Annual Report was filed with the Iowa Department of Education timely.

2022-L Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.

2022-M 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, 2022, the District reported the following information regarding the statewide sales, services, and use tax revenue in the District's CAR:

Beginning balance		\$ 1,010,706
Revenues:		
Sales tax revenues	\$ 1,115,715	
Other local revenues	<u>11,131</u>	<u>1,126,846</u>
Expenditures/transfers out:		
School infrastructure construction	365,321	
Equipment	215,622	
Transfers to other funds:		
Debt service fund	<u>578,490</u>	<u>1,159,433</u>
Ending balance		<u>\$ 978,119</u>

For the year ended June 30, 2022, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	<u>Rate of Levy Reduction Per \$1,000 of Taxable Valuation</u>	<u>Property Tax Dollars Reduced</u>
Debt service levy	<u>\$ 0.75761</u>	<u>\$ 410,000</u>

2022-N Interfund Loans - We noted during our audit interfund loans that have been outstanding for over one year.

Recommendation - The District should review its procedures to ensure interfund loans are repaid within a timely manner.

Response - We have reviewed the procedure and have made the necessary correction for the issue regarding the interfund loans.

Conclusion - Response accepted.

2022-O Financial Condition - At June 30, 2022, the District had one account in the Student Activity Fund with a deficit unassigned balance of \$297.

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

Response - We will make sure all Activity fund accounts are at or above \$0 on June 30th of each year.

Conclusion - Response accepted.

2022-P Student Activity Fund - In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for students. In the course of our audit questions arose about the propriety of certain accounts as well as specific revenues and expenses within the Student Activity Fund. More specific examples of these instances of questioned items and recommendations are as follows:

Inactive Accounts - During our audit we noted the following Student Activity Fund accounts with balances at year end which appear to be inactive: Flags, GSA, SADD, MS Business Club and Student Assistance.

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

Response - The district will review the activity in these accounts and close any that remain inactive.

Conclusion - Response accepted.

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

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

Response -The scholarship funds will be placed in a custodial fund to handle them in a more appropriate manner.

Conclusion - Response accepted.