

Newton Community School District
Newton, Iowa
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022

Cardinal Strong



Red Pride Lives Here

ANNUAL COMPREHENSIVE FINANCIAL REPORT
NEWTON COMMUNITY SCHOOL DISTRICT

Newton, Iowa

Fiscal Year Ended June 30, 2022

OFFICIAL ISSUING REPORT

Tim Bloom, Director of Business Services

OFFICE ISSUING REPORT

Business Office

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NEWTON COMMUNITY SCHOOL DISTRICT

December 27, 2022

We are a District with a dedication to all students and an unwavering commitment to a quality educational program. That commitment, along with a strong sense of community defines the work of the Board of Education for the Newton Community School District. In a time of ongoing funding restrictions and changing financial models, achieving these goals is a significant challenge.

Our shared vision statement is “We are a collaborative and cohesive team that inspires and supports all learners in a culture of safety and acceptance.” Honoring our vision keeps us focused on moving forward, closing any gap that may exist between our current reality and our vision. The District’s Guiding Principles, Vision and Mission Statement guide the allocation of resources to achieve our goals.

Iowa continues to fall short of fully funding the education formula for K-12 schools. In Newton, we will continue to allocate available resources to fulfill our mission and our commitment to students.

This report is a comprehensive financial record of the District for the fiscal year ended June 30, 2022. It reflects the conditions that have enabled the Newton Community School District to strive for a favorable financial picture – even during a period of challenging low growth in state aid. Among the enabling conditions are:

We have a highly dedicated and skilled team of teachers, staff, and administrators.
We have a highly effective Board of Education and a very supportive community.
We work in an atmosphere where everyone is encouraged to work at their highest level in a collaborative environment.

As you examine this report, you will see a pattern of on-going financial strength that we hope to build upon into the future. We welcome your questions and suggestions. We will continue to learn together to build on our success as a learning community for the future.

Respectfully submitted,

Tom Messinger
Superintendent



NEWTON COMMUNITY SCHOOL DISTRICT

December 27, 2022

Members of the Board of Education
Newton Community School District
Patrons of the Newton Community School District
Newton, Iowa

The Annual Comprehensive Financial Report (ACFR) for the Newton Community School District for the fiscal year ended June 30, 2022 is submitted herewith. Responsibility for accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District Office of Business Services. We believe the data is accurately presented, in all material respects; that the data is presented to fairly set forth the financial position of the governmental activities, business type activities, each major fund, the aggregate remaining fund information and the respective changes in financial position and cash flows where applicable; and that all necessary disclosures have been included in order to enable the reader to gain the maximum understanding of the District's financial affairs.

The Annual Comprehensive Financial Report is presented in four sections: introductory, financial, statistical, and compliance. The introductory section, which is unaudited, includes this transmittal letter, a list of principal District officials, and an organizational chart. The financial section includes the management's discussion and analysis, audited basic financial statements, required supplementary information and the combining and individual fund financial statements and schedules, as well as the independent auditor's report. The statistical section, which is un-audited, includes selected financial and demographic information, generally presented on a multi-year basis. The compliance section contains the schedule of expenditures of federal awards and audit findings. We encourage readers to refer to all four sections of the report, including the Management's Discussion and Analysis in the financial section, which gives a more detailed summary of the District's financial performance.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

The report includes all funds of the Newton Community School District. The Newton Community School District has no component units that meet the Governmental Accounting Standards Board criteria. The District provides a full range of services including instructional, administrative, transportation, food service, maintenance of sites and facilities, custodial, clerical, extra and co-curricular and athletic and activities.

This ACFR has been prepared using the guidelines recommended by the Association of School Business Officials International (ASBO) and Government Finance Officers Association of the United States and Canada (GFOA). Certificates of Excellence are awarded to school systems that have presented their ACFR to the GFOA and ASBO Panels of Review for critical review and evaluation.

Newton Community School District
E. J. H. Beard Administration Center
1302 First Avenue West
Newton, Iowa 50208

641.792.5809 (PHONE)
641.792.9159 (FAX)
www.newtoncsd.org

Receiving these awards are recognition that a school system has met the highest standards of excellence in school financial reporting. The standards used in the “Certificate of Excellence. Program” and “Certificate of Achievement Program” are based on generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). We will actively pursue these awards through the efforts of the entire Newton Team. The Newton Community School District received the ASBO certificate for its annual comprehensive financial report for the fiscal years ending June 30, 2018, 2019, 2020 and 2021. The Newton Community School District received the GFOA certificate for its annual comprehensive financial report for the fiscal years ending June 30, 2018, 2019, 2020 and 2021.

BASIS OF ACCOUNTING

The District’s accounting records were maintained on a modified accrual basis. These accounting policies are enumerated in the notes to the financial statements. All the District’s funds are presented in this report and have been audited by the District’s independent certified public accountants, Van Maanen, Sietstra, Meyer & Nikkel, PC.

The chart of accounts used by the District is in conformance with the Uniform Accounting System for Iowa Schools and Area Education Agencies issued November 1975 and updated in 2009, by the Iowa Department of Education. The chart of accounts manual is updated on an annual basis. The District is in full compliance with these requirements.

ECONOMIC CONDITION AND OUTLOOK

The District is located in the central part of the state, about thirty minutes east of the larger Des Moines metropolitan area. The economic condition and outlook is stable and continuing to improve. The Newton Community School District saw a decrease of over 8 students the past year. Certified enrollment for fiscal 2021-22 was 2,939.93 students. This is a decrease of 8.01 compared to 2020-21. Taxable assessed value continues to grow even during the current slow economic environment. The economy in the state has improved slightly the past year and this continues to impact revenue for public education. While the unemployment rate in the greater Des Moines area has consistently remained lower than national averages, the economy has been slow to rebound. Retail sales in the greater Des Moines area have leveled but remain strong. The City of Newton continues to grow. District taxable assessed valuations have continued steady growth to over \$915 million for January 2022 values.

The District is using conservative enrollment projections in relation to the report received from the demographer. The District utilizes the optional instructional support levy and will need to continue a high level of efficient use of human resources and facilities. The following table shows the projected enrollment and age of school buildings.

| School | Grade Levels | Dates of Construction / Remodeling | Enrollment for 2021-22 | Enrollment for 2022-23 | Enrollment for 2023-24 |
|-----------------------------|--------------|------------------------------------|------------------------|------------------------|------------------------|
| Newton High School | 9-12 | 1952, 1964, 1965, 1977, 1983, 2002 | 843 | 818 | 836 |
| WEST Academy | 10-12 | 2016 | 73 | 61 | 60 |
| Berg Middle School | 5-8 | 2021 | 845 | 841 | 818 |
| Aurora Heights Elementary | K-5 | 1955, 1957, 1988, 1999, 2006 | 257 | 268 | 267 |
| Emerson Hough Elementary | K-5 | 1901, 1926, 1974, 1994 | 223 | 224 | 204 |
| Thomas Jefferson Elementary | PK-5 | 1955, 1957, 1966, 1975, 2000 | 246 | 245 | 246 |
| Woodrow Wilson Elementary | K-5 | 1926, 1931, 1956, 1988, 2005 | 261 | 272 | 271 |
| TOTAL | | | 2,748 | 2,729 | 2,702 |

Notes: 2022-23 and 2023-24 served enrollment figures are estimates with RSP & Associates LLC.

Served enrollment on the previous page does not match certified count by the number of students open enrolled out to neighboring districts.

Several industrial businesses are planning expansion of their facilities in Newton. The city had a few new single-family housing properties built in the past year. There are 110 plats north of the new middle school that are ready for development. The Maytag facility of approximately 46,000 square feet with an estimated value of \$9.6 million was donated to the Des Moines Area Community College. We are hopeful that retail, commercial and residential property values continue to grow. Assessed values of the District are projected to increase in the near term. Newton Community School District participates in the statewide sales tax pool that is allocated to the District on a per pupil basis.

In the fall of 2021, the largest employer in town, TPI Composites, announced it was laying off over 700 workers. City officials noted the job losses are tied to record high steel prices and the wind energy production tax credit is set to expire December 31. In the fall of 2022, they announced the 700 jobs were coming back. We are optimistic that this will positively impact the district enrollment and property valuations.

MAJOR INITIATIVES

Current year. The District implemented a 10-year plan for facilities and continues to utilize a 5-year plan for finances. The District has limited resources and the need to clearly outline and prioritize site and facility needs in chronological order necessitate the plans. The District projects for fiscal year 2022 include a new roof for part of the high school, tuckpointing for parts of the high school and Emerson Hough Elementary, new boiler at Thomas Jefferson Elementary, new HVAC rooftop units at Woodrow Wilson Elementary, new chiller units at the high school, track resurfacing and new scoreboard at HA Lynn Stadium, kitchen area parking lot improvements at Aurora Heights Elementary and Woodrow Wilson Elementary, and improvements at Emerson Hough Elementary including new roof and windows.

Future Considerations. The 10-year facility plan and accompanying demographic information concluded that student enrollment is on a downward trend and tax base would continue to increase over time. The district hired RSP & Associates, LLC to review district demographic and enrollment projections. The enrollment projections and boundaries will need to be updated in the future. The district hired FRK to review and assist with creating an updated facility plan. The district may not be utilizing space efficiently at many buildings and the district may need to redraw boundaries to better align student enrollment to available spaces in buildings.

DEBT ADMINISTRATION

The ratio of net indebtedness to assessed valuation and the amount of indebtedness per capita are useful indicators of the District's debt position. The 2022 fiscal year data shows a total outstanding indebtedness on June 30 of \$24,365,000 with a ratio of debt to 100% taxable, actual, assessed valuation of 32.70%. During FY 2022, \$1,915,000 of outstanding debt was paid. In the future as assessed valuation and District population rise and total indebtedness decrease, these economic indicators will reflect a very favorable financial position.

The above indebtedness of \$24,365,000 is a result of general obligation bonds issued April 2016, June 2017 and June 2018, as well as revenue bonds issued August 2018. The district issued revenue bonds in August 2018 to finance furniture, equipment and other associated costs for the new Berg Middle School.

FINANCIAL INFORMATION

Management of the District is responsible for establishing and maintaining an internal control designed to ensure that its capital assets are protected from loss, theft or misuse and to ensure that accounting data are compiled to allow for the preparation of the basic financial statements in accordance with accounting principles generally accepted in the United State of America. The internal control is designed to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal, state and county financial assistance, the District also is responsible for ensuring that an adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control is subject to periodic evaluation by management and external auditors.

As a part of the District's single audit, described earlier, tests are made to determine the adequacy of the internal control over financial reporting and its compliance with applicable laws and regulations, including those related to major federal awards programs. The results of the District's single audit for the fiscal year ended June 30, 2022, provided no instances of material weaknesses in the internal control or violations of applicable laws and regulations.

Budgetary Controls. In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Activities of the General Fund, special revenue funds, Debt Service Fund, enterprise funds and capital projects funds are included in the annual appropriated budget. Project length financial plans are adopted for the capital projects funds and budgeted accordingly on an annual basis. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by program level for all funds combined rather than at the individual fund level. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at the fiscal year's end. However, encumbrances generally are re-appropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to strive to meet its responsibility for sound financial management.

BASIS OF PRESENTATION

The charts and accounts used by the District have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants. In addition, the District's accounting records conform to the Uniform Accounting System for Iowa Schools, Chapter 11 of the Code of Iowa and Area Educational Agencies issued by the Department of Education, state of Iowa. The chart of accounts manual is updated annually and the District is in full compliance with these requirements.

OTHER INFORMATION

Independent Audit. The accounting firm of Van Maanen, Sietstra, Meyer & Nikkel, PC was selected to perform the annual audit in accordance with Chapter 11 of the Code of Iowa. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related Uniform Guidance. The auditor's report on the basic financial statements, combining and individual fund statements and other schedules is included in the financial section of this report.

ACKNOWLEDGEMENT

The preparation of this report on a timely basis could not have been accomplished without the effort of the accounting staff and our auditors, Van Maanen, Sietstra, Meyer & Nikkel, PC. We would like to express our appreciation to all staff members who assisted and contributed to this report. Also, appreciation is expressed for the interest and support of the Board of Education in conducting the financial operations of the District in a most responsible and progressive manner.

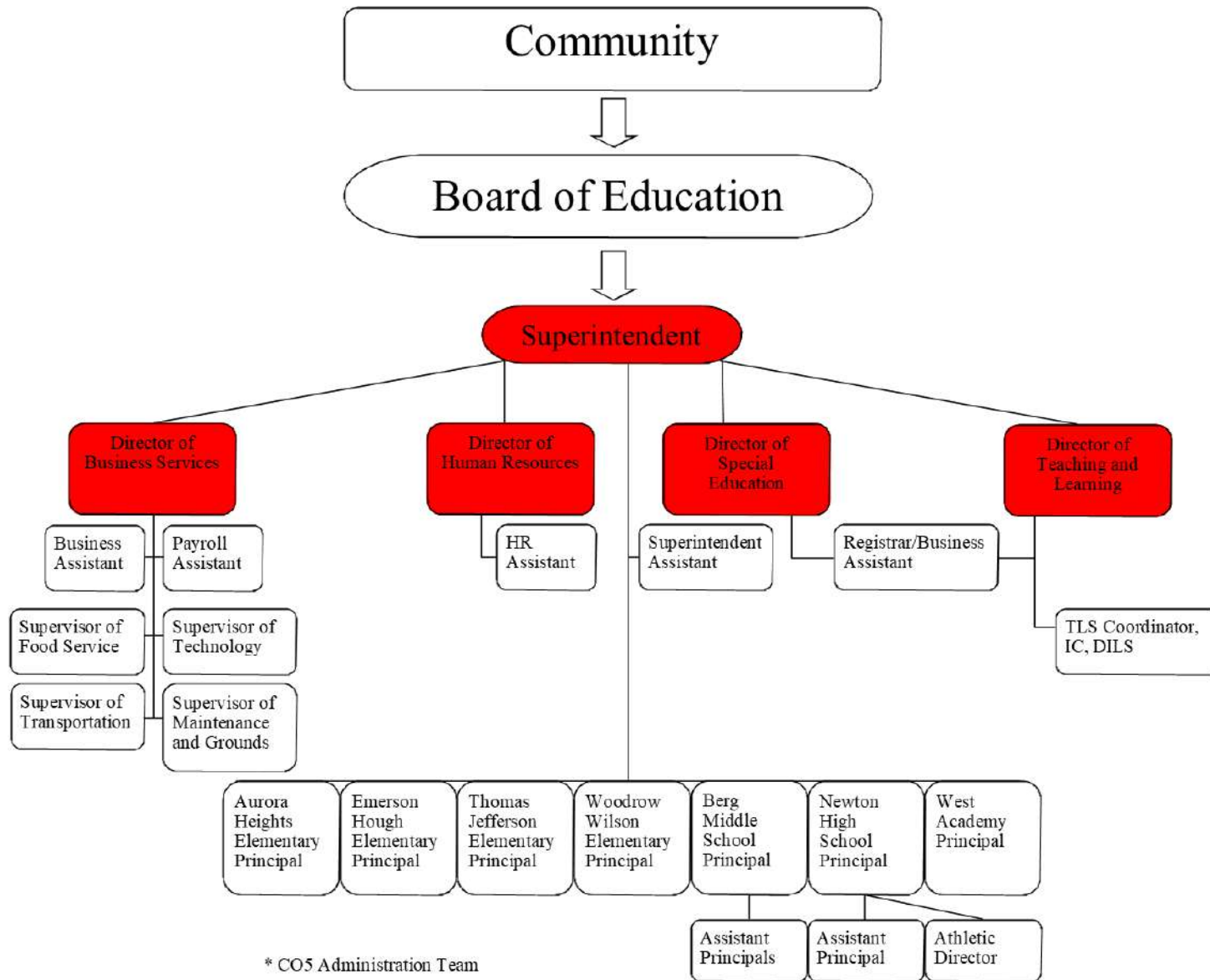
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tom Messinger". The signature is fluid and cursive, with the first name "Tom" being more prominent.

Tom Messinger
Superintendent

A handwritten signature in black ink, appearing to read "Tim Bloom". The signature is cursive and somewhat stylized, with the last name "Bloom" being more prominent.

Tim Bloom
Director of Business Services



**Newton Community School District
Board of Education and School Officials
Year Ended June 30, 2022**

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|---------------------------|--|---------------------|
| Board of Education | | |
| Robyn Friedman | President | 2025 |
| Josh Cantu | Vice President | 2023 |
| Donna Cook | Board Member | 2023 |
| Mark Thayer | Board Member | 2023 |
| Liz Hammerly | Board Member | 2025 |
| Travis Padget | Board Member | 2025 |
| Ray Whipple | Board Member | 2025 |
| School Officials | | |
| Tom Messinger | Superintendent | Indefinite |
| Tim Bloom | Director of Business Services Board Secretary/Treasurer | Indefinite |
| Ahlers & Cooney, P.C. | Attorney | Indefinite |

**Newton Community School District
School District Administration
Year Ended June 30, 2022**

| <u>Name</u> | <u>Position</u> |
|----------------------|---------------------------------------|
| Tom Messinger | Superintendent |
| Tim Bloom | Director of Business Services |
| Laura Selover | Director of Human Resources |
| Jessica Powers | Director of Special Programs |
| Bret Miller | Director of Teaching and Learning |
| Bill Peters | High School Principal |
| Dave Kalkhoff | Assistant High School Principal |
| Jim Beerends | Assistant High School Principal |
| Ryan Rump | Director of Activities and Athletics |
| Tara Zehr | WEST Academy Principal |
| Lisa Sharp | Middle School Principal |
| Stephanie Langstraat | Assistant Middle School Principal |
| Amy Farmer-Shannon | Assistant Middle School Principal |
| Jim Gilbert | Aurora Heights Elementary Principal |
| Jolene Comer | Emerson Hough Elementary Principal |
| Trisca Mick | Thomas Jefferson Elementary Principal |
| Todd Schuster | Woodrow Wilson Elementary Principal |
| Jack Sutte | Supervisor of Maintenance and Grounds |
| Cristy Croson | Supervisor of Food Service |
| Dave Kretz | Supervisor of Transportation |

**Newton Community School District
Consultants, Advisers, and Official Depositories
Year Ended June 30, 2022**

Consultants and Advisors:

Certified Public Accountants:

Van Maanen, Sietstra, Meyer & Nikkel, PC
705 Main Street
Pella, Iowa 50219

Bond Attorney:

Ahlers & Cooney, P.C.
100 Court Avenue, Suite 600
Des Moines, Iowa 50309-2231

Financial Consultant:

The PFM Group
801 Grand Ave, Suite 3300
Des Moines, Iowa 50309-3800

General Counsel:

Ahlers & Cooney, P.C.
100 Court Avenue, Suite 600
Des Moines, Iowa 50309-2231

Property/Casualty Insurance:

Shomo-Madsen-Woythaler Insurance
1802 South 12th Avenue West
Newton, Iowa 50208

Benefits Insurance:

Global Benefits Ltd.
12006 Ridgemont Drive
Urbandale, Iowa 50323

Official Depositories:

U.S. Bank
112 West 2nd Street South
Newton, Iowa 50208

FNNB
100 North 2nd Avenue West
Newton, Iowa 50208

Iowa School Joint Investment Trust
P.O. Box 71158
Clive Iowa 50325-0158

BMO Harris Bank N.A.
P.O. Box 755
Chicago, IL 60690



**The Certificate of Excellence in Financial Reporting
is presented to**

Newton Community School District

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'William A. Sutter'.

William A. Sutter
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Newton Community School District
Iowa**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrell

Executive Director/CEO



705 Main Street
Pella, IA 50219
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Fax: 641-628-3757

www.vanmaanencpa.com

Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education
Newton Community School District
Newton, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Newton Community School District, Newton, Iowa, as of and for the year ended June 30, 2022, and the related Notes to the 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 Newton 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. generally accepted accounting principles.

Basis of 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 Newton 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 18 to the financial statements, Newton 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.

Responsibility 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 Newton 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 Newton 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 Newton 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 (Asset), the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 16 through 24 and 58 through 65 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 Newton 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 year ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the eight years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, 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 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 6 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 Governmental Auditing Standards, we have also issued our report dated December 27, 2022, on our consideration of the Newton 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 Newton Community School District's internal control over financial reporting and compliance. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

December 27, 2022

It is with great pleasure, we present to you the financial picture of Newton Community School District. We offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Newton Community School District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

2022 Financial Highlights

The District showed a government wide increase in net position of \$9,533,859 during the year ended June 30, 2022.

Governmental activities revenues increased from \$44,143,690 in fiscal year 2021 to \$46,690,667 in 2022. General revenues increased from \$35,585,595 in fiscal year 2021 to \$36,859,192 in 2022. Program revenues increased from \$8,558,095 in 2021 to \$8,786,623 in 2022. The business type activities revenues increased from \$1,865,709 in fiscal year 2021 to \$2,482,224 in 2022.

As of June 30, 2022, unassigned fund balance for the General Fund was \$4,794,834 or 12.99% of General Fund expenditures. The financial solvency ratio for the year ended June 30, 2022 was 12.66%, which is an increase of 1.30% over the previous year. This increase was due to increased federal revenues. The federal revenues increase by 31.12% due to ESSER pandemic funding which offset increased cost to support learning and provide emergency protective measures to mitigate the spread of COVID-19.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Newton Community School District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

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

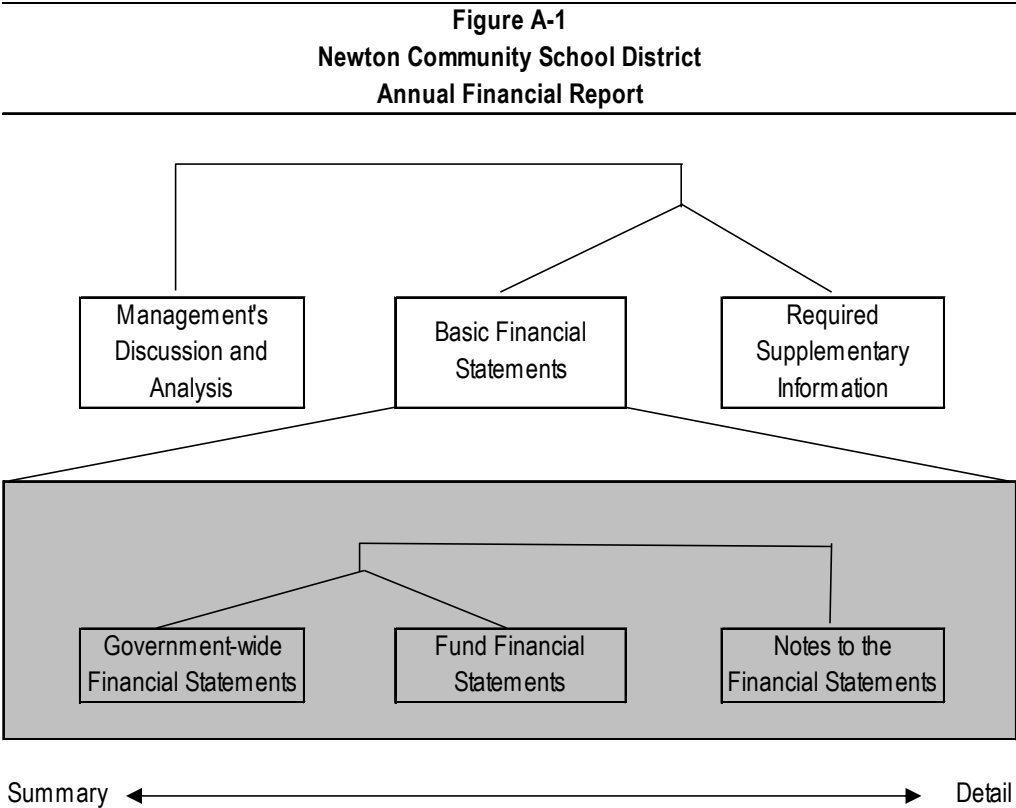


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

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

| | Government-wide Statements | Fund Statements | | |
|--|--|--|--|--|
| | | Governmental Funds | Proprietary Funds | |
| Scope | Entire District (except fiduciary funds) | The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance | Activities the District operates similar to private businesses: food services and self-funded insurance | |
| 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 | |
| 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 | |
| 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, short-term and long-term | |
| 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 | |
| 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 | |

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of Newton Community School District's finances in a manner similar to a private-sector business. The statement of net position presents information on all Newton Community School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements reflect functions of the Newton Community School District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional services, other and interest on long-term debt. Business type activities are those that the District charges a fee to help cover the costs, such as School Nutrition.

The government-wide financial statements include only Newton Community School District. There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the District.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Newton Community School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary fund and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Newton Community School District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service and Capital Projects Funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 30 through 33 of this report.

Proprietary fund – The District maintain type of proprietary fund is the enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District maintains one major enterprise fund.

The basic proprietary fund financial statements can be found on pages 34 through 36 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Newton Community School District's budgetary comparison for the year, the 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. Required Supplemental Information can be found on pages 58 through 65 of this report.

Other Supplementary Information provides detailed information about the non-major governmental and proprietary funds.

**Newton Community School District
Management's Discussion and Analysis
Year Ended June 30, 2022**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's total net position has increased from a year ago from \$27,858,417 to \$37,392,276.

A significant portion of the District's total assets reflects the investment in capital assets. The District uses these capital assets to provide educational services; consequently, these assets are not available for future spending. The District's balance in capital assets was \$57,411,868. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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 | | | | | | | |
|---------------------------------------|--------------------------------|-------------------|---------------------------------|------------------|-------------------|-------------------|---------------------|
| Statement of Net Position | | | | | | | |
| | Governmental activities | | Business type activities | | Total | | Total Change |
| | June 30, | | June 30, | | June 30, | | June 30, |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2021-2022 |
| Current assets | \$ 33,534,166 | 29,871,395 | 1,704,210 | 1,018,530 | 35,238,376 | 30,889,925 | 14.08% |
| Capital assets, net | 56,847,820 | 57,731,772 | 564,048 | 652,310 | 57,411,868 | 58,384,082 | -1.67% |
| Total assets | 90,381,986 | 87,603,167 | 2,268,258 | 1,670,840 | 92,650,244 | 89,274,007 | 3.78% |
| Deferred outflows of resources | 2,910,612 | 3,814,784 | 155,019 | 140,014 | 3,065,631 | 3,954,798 | -22.48% |
| Current liabilities | 4,988,220 | 3,822,870 | 63,649 | 49,163 | 5,051,869 | 3,872,033 | 30.47% |
| Noncurrent liabilities | 24,558,544 | 44,586,677 | 76,039 | 633,592 | 24,634,583 | 45,220,269 | -45.52% |
| Total liabilities | 29,546,764 | 48,409,547 | 139,688 | 682,755 | 29,686,452 | 49,092,302 | -39.53% |
| Deferred inflow of resources | 28,593,762 | 16,244,741 | 43,385 | 33,345 | 28,637,147 | 16,278,086 | 75.92% |
| Net Position: | | | | | | | |
| Net investment in capital assets | 31,667,513 | 30,518,373 | 564,048 | 652,310 | 32,231,561 | 31,170,683 | 3.40% |
| Restricted | 8,332,484 | 7,560,626 | - | - | 8,332,484 | 7,560,626 | 10.21% |
| Unrestricted | (4,847,925) | (11,315,336) | 1,676,156 | 442,444 | (3,171,769) | (10,872,892) | 70.83% |
| Total Net Position | \$ 35,152,072 | 26,763,663 | 2,240,204 | 1,094,754 | 37,392,276 | 27,858,417 | 34.22% |

The restricted portion of the District's net position (22.28%) represents resources that are subject to external restrictions on how they may be used. These restrictions include \$535,170 for categorical funding, \$824,000 for debt service, \$701,747 for management levy purposes, \$563,511 for student activities, \$5,189,004 for school infrastructure and \$519,052 for physical plant and equipment. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to students and creditors.

At the end of the last fiscal year, the Newton Community School District was unable to report positive balances in all three categories of net position. GASB 68 and GASB 75 were implemented creating a deficit unrestricted net position. It should be noted that this is a book entry of a negative amount and not an actual deficit of cash.

The District's total net position increased by \$9,533,859 or 34.22%, during the current fiscal year. The governmental activities net position increased by \$8,388,409. Business type activities net position increased by \$1,145,450.

**Newton Community School District
Management's Discussion and Analysis
Year Ended June 30, 2022**

Figure A-4 highlights the District's revenues and expenses for the fiscal year ended June 30, 2022 as compared to the fiscal year ended June 30, 2021. These two main components are subtracted to yield the change in net position. This table utilized the full accrual method of accounting. Revenue is further divided into two major components: Program Revenue and General Revenue. Program Revenue is defined as charges for services and sales, operating and capital grants and contributions. General Revenue includes taxes and unrestricted grants such as state foundation support.

| Figure A-4 | | | | | | | |
|--|--------------------------------|-------------|---------------------------------|-------------|-----------------------|-------------|---------------------|
| Changes in Net Position | | | | | | | |
| | Governmental activities | | Business type activities | | Total District | | Total Change |
| | June 30, | | June 30, | | June 30, | | June 30, |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2021-2022 |
| Revenues: | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for services | \$ 964,765 | 817,093 | 110,065 | 87,594 | 1,074,830 | 904,687 | 18.81% |
| Operating grants and contributions | 8,786,623 | 7,741,002 | 2,371,406 | 1,777,745 | 11,158,029 | 9,518,747 | 17.22% |
| Capital grants and contributions | 80,087 | - | - | - | 80,087 | - | 100.00% |
| General Revenues: | | | | | | | |
| Property and other taxes | 15,142,599 | 15,014,899 | - | - | 15,142,599 | 15,014,899 | 0.85% |
| Statewide sales and services tax | 3,556,756 | 2,992,773 | - | - | 3,556,756 | 2,992,773 | 18.84% |
| Unrestricted state grants | 17,978,524 | 17,475,416 | - | - | 17,978,524 | 17,475,416 | 2.88% |
| Unrestricted investment earnings | 12,370 | 8,278 | 753 | 370 | 13,123 | 8,648 | 51.75% |
| Other | 168,943 | 94,229 | - | - | 168,943 | 94,229 | 79.29% |
| Total revenues | 46,690,667 | 44,143,690 | 2,482,224 | 1,865,709 | 49,172,891 | 46,009,399 | 6.88% |
| Expenses: | | | | | | | |
| Program expenses: | | | | | | | |
| Instruction | 19,373,051 | 25,123,125 | - | - | 19,373,051 | 25,123,125 | -22.89% |
| Support services | 16,801,840 | 17,480,072 | 6,687 | 10,647 | 16,808,527 | 17,490,719 | -3.90% |
| Non-instructional programs | 8,777 | 4,378 | 1,290,273 | 1,852,691 | 1,299,050 | 1,857,069 | -30.05% |
| Other | 1,372,711 | 1,354,782 | - | - | 1,372,711 | 1,354,782 | 1.32% |
| Debt service | 785,693 | 851,994 | - | - | 785,693 | 851,994 | -7.78% |
| Total expenses | 38,342,072 | 44,814,351 | 1,296,960 | 1,863,338 | 39,639,032 | 46,677,689 | -15.08% |
| Changes in Net Position before contributions and transfers | 8,348,595 | (670,661) | 1,185,264 | 2,371 | 9,533,859 | (668,290) | -1526.61% |
| Contributions and transfers (net) | 39,814 | (361,520) | (39,814) | 361,520 | - | - | 0.00% |
| Changes in Net Position | 8,388,409 | (1,032,181) | 1,145,450 | 363,891 | 9,533,859 | (668,290) | -1526.61% |
| Net Position beginning of year | 26,763,663 | 27,795,844 | 1,094,754 | 730,863 | 27,858,417 | 28,526,707 | -2.34% |
| Net Position end of year | 35,152,072 | 26,763,663 | 2,240,204 | 1,094,754 | 37,392,276 | 27,858,417 | 34.22% |

Expenses are shown in programs including instruction, support services, non-instructional programs, other and debt service.

In fiscal year 2022, property and other tax and unrestricted state grants accounted for 78.56% of governmental activities revenues while charges for services and operating grants and contributions accounted for 99.97% of business type activities revenue. Investment earnings increased 51.75% due to more favorable interest rates. Statewide sales tax increased by 18.84% due to an increase in allocation per number of students.

**Newton Community School District
Management's Discussion and Analysis
Year Ended June 30, 2022**

Overall the district experienced a 6.88% increase in revenues and a 15.08% decrease in expenses. Property tax revenues increased \$127,700 and state aid increased \$503,108. In addition, included in the operating grants and contributions, the district received \$2,313,518 in federal aid in ESSER funds to assist in supporting COVID-19 pandemic emergency protective measures. The decrease in expenses is related to the decreased net pension liability.

Governmental Activities – Figure A-5 below discloses the total and net cost of services for the District's major governmental activities, instruction, support services, non-instructional programs, other and debt service expenses, for the year ended June 30, 2022 compared to the year ended June 30, 2021. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by state aid and local taxes. The difference in these two columns would represent restricted grants and services. Net cost of services is 74.36% of total cost of services in 2022.

| Figure A-5 Total and Net Cost of Governmental Activities | | | | | | |
|---|-------------------------------|-------------------|------------------|-----------------------------|-------------------|------------------|
| | Total Cost of Services | | | Net Cost of Services | | |
| | June 30, | | | June 30, | | |
| | 2022 | 2021 | 2021-2022 | 2022 | 2021 | 2021-2022 |
| Instruction | \$ 19,373,051 | 25,123,125 | -22.89% | 12,162,759 | 19,012,538 | -36.03% |
| Support services | 16,801,840 | 17,480,072 | -3.88% | 15,553,368 | 16,389,517 | -5.10% |
| Non-instructional programs | 8,777 | 4,378 | 100.48% | 8,777 | 4,378 | 100.48% |
| Other | 1,372,711 | 1,354,782 | 1.32% | - | - | 0.00% |
| Debt service | 785,693 | 851,994 | -7.78% | 785,693 | 848,397 | -7.39% |
| | <u>\$ 38,342,072</u> | <u>44,814,351</u> | <u>-14.44%</u> | <u>28,510,597</u> | <u>36,254,830</u> | <u>-21.36%</u> |

Business Type Activities – Revenues for business type activities during the year ended June 30, 2022 were \$2,482,224 representing, a 33.04% increase over the prior year, while expenses totaled \$1,296,960, a 30.40% decrease over the prior year. The decrease in expenses was due the related decrease in net pension liability. The District's business type activities include the School Nutrition Fund.

Individual Fund Analysis

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

Governmental Funds – The focus of the Newton Community School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Newton Community School District's governmental funds reported combined ending balances of \$14,219,870, an increase of \$2,348,363 in comparison with the prior year. Approximately 33.72% of this total amount or \$4,794,834 constitutes unassigned fund balance and is available for spending at the government's discretion. The remainder of the fund balance is restricted. Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted fund balances consist of \$535,170 for categorical funding, \$890,680 for debt service and revenue bond reserve, \$1,701,742 for management levy purposes, \$563,511 for student activities, \$5,189,004 for school infrastructure and \$519,052 for physical plant and equipment.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$4,794,834, while total fund balance reached \$5,330,004. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represents a 12.99% of total General Fund expenditures.

**Newton Community School District
Management's Discussion and Analysis
Year Ended June 30, 2022**

The fund balance of the District's General Fund increased \$502,096 during the current fiscal year. Part of the increase was anticipated and was due to additional \$2.3 million in federal ESSER funding and with reasonable increased staff costs. The State of Iowa did increase supplemental state aid 2.40% for 2021-22, the amount the district receives per student. The ESSER funds were used to finance teachers' salaries and benefits, professional development, learning loss and credit recovery for students, on-line learning software and other technology items, and district HVAC system controls all used to mitigate COVID-19.

The District's other major funds include the Debt Service Fund and the Capital Projects Fund. The Debt Service fund balance increased \$33,829 due to levying funds for scheduled bond repayments. The Capital Projects fund balance increased \$905,915 due to supply chain issues and the timing of capital expenditures included as part of the district's five-year capital improvement plan.

Proprietary Fund Highlights

School Nutrition Fund net position increased from \$1,094,754 at June 30, 2021 to \$2,240,204 at June 30, 2022, an increase by approximately 104.63%. Revenues increased 33.04% due to increased federal reimbursements for the student meal program. The expenditures decreased 30.40% due to the decrease in net pension liability.

Budgetary Highlights

As allowed by GASB Statement No. 41, *Budgetary Comparison-Schedules – Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. In accordance with the Code of Iowa, the Board of Education annually adopts a program budget for all funds except agency funds as described in the note to required supplementary information.

In spite of the District's budgetary practices, expenditures in the support services area exceeded the amounts budgeted due to timing of expenditures at year-end without sufficient time to amend the certified budget.

A comparison of the actual expenditures/expenses of the District's budgeted funds with the final budget amounts is as follows:

| | Budget- Original | Budget- Final | Actual | Variance |
|----------------------------|----------------------|-------------------|-------------------|------------------|
| Instruction | \$ 23,236,701 | 24,500,000 | 24,021,702 | 478,298 |
| Support services | 12,731,254 | 14,000,000 | 14,287,636 | (287,636) |
| Non-instructional programs | 1,764,715 | 1,764,715 | 1,299,050 | 465,665 |
| Other | 6,659,445 | 7,000,000 | 6,063,600 | 936,400 |
| | <u>\$ 44,392,115</u> | <u>47,264,715</u> | <u>45,671,988</u> | <u>1,592,727</u> |

Capital Assets and Debt Administration

Capital Assets – The following table shows ending balances of capital assets invested in various categories. The District recognized a total net decrease of \$972,214. The decrease can be attributed to the construction in progress that was completed and capitalized during the year. Projects underway at year end include the Newton High School sewer replacement project and Thomas Jefferson Elementary boiler replacement project.

**Newton Community School District
Management's Discussion and Analysis
Year Ended June 30, 2022**

Figure A-6

Capital Assets, Net of Depreciation

| | Governmental activities | | Business Type activities | | Total District | | Total Change |
|-----------------------------------|-------------------------|------------|--------------------------|---------|----------------|------------|--------------|
| | June 30, | | June 30, | | June 30, | | June 30, |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2021-2022 |
| Land | \$ 996,689 | 996,689 | - | - | 996,689 | 996,689 | 0.00% |
| Improvements other than buildings | 2,951,911 | 3,076,923 | - | - | 2,951,911 | 3,076,923 | -4.06% |
| Buildings and improvements | 51,366,807 | 51,530,433 | - | - | 51,366,807 | 51,530,433 | -0.32% |
| Furniture and equipment | 1,397,701 | 1,496,253 | 564,048 | 652,310 | 1,961,749 | 2,148,563 | -8.69% |
| Right-to-use leased equipment | 110,152 | 150,167 | - | - | 110,152 | 150,167 | -26.65% |
| Construction in progress | 24,560 | 481,307 | - | - | 24,560 | 481,307 | -94.90% |
| Total | \$ 56,847,820 | 57,731,772 | 564,048 | 652,310 | 57,411,868 | 58,384,082 | -1.67% |

Additional information about the District's capital assets can be found in note 6 to the financial statements.

Debt – As of June 30, 2022, the Newton Community School District had general obligation bonds and revenue bonds outstanding principal balance totaling \$24,365,000. In the current year, the District paid \$1,915,000 in principal and \$867,206 in interest.

As of June 30, 2022, the District's available debt limit was \$74,508,724 which leaves a legal debt margin of \$50,143,724 once the current year applicable general obligation and revenue bonded debt is applied.

Figure A-7

Long-term Debt Obligations

| | Total School District | | Total Change |
|--------------------------|--------------------------|---------------|-----------------|
| | June 30, | | June 30, |
| | 2022 | 2021 | 2021-2022 |
| Lease agreements | \$ 112,609 | 151,988 | -25.91% |
| General obligation bonds | 20,992,207 | 22,462,279 | -6.54% |
| Revenue bonds | 4,075,491 | 4,599,132 | -11.39% |
| Early retirement | 999,995 | - | 100.00% |
| Compensated absences | 47,278 | 69,253 | -31.73% |
| Net pension liability | 364,771 | 18,869,851 | -98.07% |
| Total OPEB liability | 1,183,424 | 1,170,111 | 1.14% |
| Totals | \$ 27,775,775 | \$ 47,322,614 | -41.31% |

Additional information about the District's long-term debt can be found in note 7 to the financial statements.

Economic Factors Bearing on the District's Future

Several housing construction projects are in progress in the City of Newton.

The State of Iowa saw an improved economic upturn. Revenue projections at the state level increased from the previous year. The district has faced reductions in funding for state aid and other state-funded programs in the previous fiscal years. The district will look to take a pro-active approach to fiscal stability and try to foresee issues that may cause financial crisis. The 2022 legislature set supplemental state aid for 2022-23 at 2.50%. We are optimistic about the District's financial outlook and will take prudent actions to seek cost saving opportunities which are in the best interest of the District.

The largest employer in Jasper County announced they are adding back 700 jobs by the end of the calendar year. We are optimistic as this plant was closed and laid off 700 jobs last year. This will be a major benefit to the district and the community.

Requests for Information

These financial statements and discussions are designed to provide our students, citizens, taxpayers, investors and creditors with a complete disclosure of the District's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please write Tim Bloom, Director of Business Services, Newton Community School District, 1302 First Avenue West, Newton, Iowa, 50208.

Basic Financial Statements

Exhibit A
Newton Community School District
Statement of Net Position
June 30, 2022

| | Governmental Activities | Business Type Activities | Total Primary Government |
|---|----------------------------|-----------------------------|-----------------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 16,525,892 | 1,597,921 | 18,123,813 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | 115,915 | - | 115,915 |
| Succeeding year | 14,147,170 | - | 14,147,170 |
| Income surtax | 1,299,587 | - | 1,299,587 |
| Accounts | 35,432 | - | 35,432 |
| Due from other governments | 1,384,293 | 99,987 | 1,484,280 |
| Inventories | - | 6,302 | 6,302 |
| Prepaid items | 25,877 | - | 25,877 |
| Total current assets | 33,534,166 | 1,704,210 | 35,238,376 |
| Non-current assets: | | | |
| Capital assets: | | | |
| Land | 996,689 | - | 996,689 |
| Improvements other than buildings | 6,892,055 | - | 6,892,055 |
| Buildings and improvements | 71,140,531 | - | 71,140,531 |
| Vehicles, furniture and equipment | 7,001,730 | 1,376,543 | 8,378,273 |
| Right-to-use leased equipment | 200,075 | - | 200,075 |
| Construction in progress | 24,560 | - | 24,560 |
| Accumulated depreciation/amortization | (29,407,820) | (812,495) | (30,220,315) |
| Total capital assets | 56,847,820 | 564,048 | 57,411,868 |
| Total non-current assets | 56,847,820 | 564,048 | 57,411,868 |
| Total assets | 90,381,986 | 2,268,258 | 92,650,244 |
| Deferred outflows of resources | | | |
| Pension related deferred outflows | 2,455,572 | 135,037 | 2,590,609 |
| OPEB related deferred outflows | 455,040 | 19,982 | 475,022 |
| Total deferred outflows of resources | 2,910,612 | 155,019 | 3,065,631 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 1,164,491 | 28,228 | 1,192,719 |
| Salaries and benefits payable | 116,717 | 12,785 | 129,502 |
| Unearned revenue | - | 22,636 | 22,636 |
| Incurred but not reported claims | 499,140 | - | 499,140 |
| Accrued interest payable | 66,680 | - | 66,680 |
| Lease agreements | 40,206 | - | 40,206 |
| General obligation bonds payable | 1,515,072 | - | 1,515,072 |
| Revenue bonds payable | 538,641 | - | 538,641 |
| Early retirement payable | 999,995 | - | 999,995 |
| Compensated absences | 47,278 | - | 47,278 |
| Total current liabilities | 4,988,220 | 63,649 | 5,051,869 |

Exhibit A
Newton Community School District
Statement of Net Position
June 30, 2022

| | Governmental Activities | Business Type Activities | Total Primary Government |
|--|----------------------------|-----------------------------|-----------------------------|
| <i>Continued from previous page</i> | | | |
| Noncurrent liabilities: | | | |
| Lease agreements | 72,403 | - | 72,403 |
| General obligation bonds payable | 19,477,135 | - | 19,477,135 |
| Revenue bonds payable | 3,536,850 | - | 3,536,850 |
| Net pension liability | 353,676 | 11,095 | 364,771 |
| Total OPEB liability | 1,118,480 | 64,944 | 1,183,424 |
| Total noncurrent liabilities | 24,558,544 | 76,039 | 24,634,583 |
| Total liabilities | 29,546,764 | 139,688 | 29,686,452 |
| Deferred inflows of resources | | | |
| Unavailable property tax revenue | 14,147,170 | - | 14,147,170 |
| Pension related deferred inflows | 14,414,999 | 37,298 | 14,452,297 |
| OPEB related deferred inflows | 31,593 | 6,087 | 37,680 |
| Total deferred inflows of resources | 28,593,762 | 43,385 | 28,637,147 |
| Net position | | | |
| Net investment in capital assets | 31,667,513 | 564,048 | 32,231,561 |
| Restricted for: | | | |
| Categorical funding | 535,170 | - | 535,170 |
| Debt service | 824,000 | - | 824,000 |
| Management levy purposes | 701,747 | - | 701,747 |
| Student activities | 563,511 | - | 563,511 |
| School infrastructure | 5,189,004 | - | 5,189,004 |
| Physical plant and equipment levy | 519,052 | - | 519,052 |
| Unrestricted | (4,847,925) | 1,676,156 | (3,171,769) |
| Total net position | \$ 35,152,072 | 2,240,204 | 37,392,276 |

See notes to financial statements.

Exhibit B
**Newton 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 | Capital Grants, Contributions and Restricted Interest | Governmental Activities | Business Type Activities | Total Primary Government |
| Functions/Programs | | | | | | | |
| Governmental activities: | | | | | | | |
| Instruction: | | | | | | | |
| Regular | \$ 9,953,849 | 271,010 | 4,859,638 | - | (4,823,201) | - | (4,823,201) |
| Special | 5,337,794 | 66,027 | 1,352,894 | - | (3,918,873) | - | (3,918,873) |
| Other | 4,081,408 | 585,705 | 75,018 | - | (3,420,685) | - | (3,420,685) |
| | 19,373,051 | 922,742 | 6,287,550 | - | (12,162,759) | - | (12,162,759) |
| Support services: | | | | | | | |
| Student | 1,179,403 | - | - | - | (1,179,403) | - | (1,179,403) |
| Instructional staff | 3,371,604 | - | 1,029,023 | - | (2,342,581) | - | (2,342,581) |
| Administration | 4,007,995 | - | - | - | (4,007,995) | - | (4,007,995) |
| Operation and maintenance of plant | 6,687,713 | 12,675 | - | 80,087 | (6,594,951) | - | (6,594,951) |
| Transportation | 1,555,125 | 29,348 | 97,339 | - | (1,428,438) | - | (1,428,438) |
| | 16,801,840 | 42,023 | 1,126,362 | 80,087 | (15,553,368) | - | (15,553,368) |
| Non-instructional programs | 8,777 | - | - | - | (8,777) | - | (8,777) |
| Other expenses: | | | | | | | |
| Interest (unallocated) | 785,693 | - | - | - | (785,693) | - | (785,693) |
| AEA flowthrough | 1,372,711 | - | 1,372,711 | - | - | - | - |
| | 2,158,404 | - | 1,372,711 | - | (785,693) | - | (785,693) |
| Total governmental activities | 38,342,072 | 964,765 | 8,786,623 | 80,087 | (28,510,597) | - | (28,510,597) |
| Business type activities: | | | | | | | |
| Support services: | | | | | | | |
| Operation and maintenance of plant | 6,687 | - | - | - | - | (6,687) | (6,687) |
| Non-instructional programs: | | | | | | | |
| Food service operations | 1,290,273 | 110,065 | 2,371,406 | - | - | 1,191,198 | 1,191,198 |
| Total business type activities | 1,296,960 | 110,065 | 2,371,406 | - | - | 1,184,511 | 1,191,198 |
| Total primary government | \$ 39,639,032 | 1,074,830 | 11,158,029 | 80,087 | (28,510,597) | 1,184,511 | (27,326,086) |

Exhibit B

**Newton 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 | Capital Grants, Contributions and Restricted Interest | Governmental Activities | Business Type Activities | Total Primary Government |
| Totals continued from previous page | \$ 39,639,032 | 1,074,830 | 11,158,029 | 80,087 | \$ (28,510,597) | 1,184,511 | (27,326,086) |
| General Revenues: | | | | | | | |
| Property tax levied for: | | | | | | | |
| General purposes | | | | | 10,776,845 | - | 10,776,845 |
| Debt service | | | | | 2,151,992 | - | 2,151,992 |
| Capital outlay | | | | | 919,406 | - | 919,406 |
| Income surtax | | | | | 1,294,356 | - | 1,294,356 |
| Statewide sales, services and use tax (+) | | | | | 3,556,756 | - | 3,556,756 |
| Unrestricted state grants | | | | | 17,978,524 | - | 17,978,524 |
| Unrestricted investment earnings | | | | | 12,370 | 753 | 13,123 |
| Other | | | | | 168,943 | - | 168,943 |
| Total general revenues | | | | | 36,859,192 | 753 | 36,859,945 |
| Change in net position before transfers | | | | | 8,348,595 | 1,185,264 | 9,533,859 |
| Transfers: | | | | | | | |
| Capital contributions | | | | | (3,178) | 3,178 | - |
| Transfers | | | | | 42,992 | (42,992) | - |
| Total transfers | | | | | 39,814 | (39,814) | - |
| Change in net position | | | | | 8,388,409 | 1,145,450 | 9,533,859 |
| Net position beginning of year, as restated | | | | | 26,763,663 | 1,094,754 | 27,858,417 |
| Net position end of year | | | | | \$ 35,152,072 | 2,240,204 | 37,392,276 |

(+) The Statewide sales, services and use tax is an unrestricted intergovernmental revenue.

See notes to financial statements.

Exhibit C
Newton Community School District
Balance Sheet
Governmental Funds
June 30, 2022

| | General | Debt Service | Capital Projects | Non-major Governmental Funds | Total |
|---|----------------------|------------------|---------------------|------------------------------------|-------------------|
| Assets | | | | | |
| Cash, cash equivalents and pooled investments | \$ 5,066,819 | 312,864 | 6,129,748 | 2,277,972 | 13,787,403 |
| Receivables: | | | | | |
| Property tax: | | | | | |
| Delinquent | 78,655 | 16,872 | 7,398 | 12,990 | 115,915 |
| Succeeding year | 10,060,380 | 2,116,652 | 970,136 | 1,000,002 | 14,147,170 |
| Income surtax | 1,299,587 | - | - | - | 1,299,587 |
| Accounts | 23,125 | - | - | 12,307 | 35,432 |
| Due from other funds | - | - | - | 4,213 | 4,213 |
| Due from other governments | 1,135,081 | - | 249,212 | - | 1,384,293 |
| Prepaid items | - | - | 25,877 | - | 25,877 |
| Total assets | \$ 17,663,647 | 2,446,388 | 7,382,371 | 3,307,484 | 30,799,890 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 856,959 | 1,056 | 116,302 | 42,229 | 1,016,546 |
| Salaries and benefits payable | 116,717 | - | - | - | 116,717 |
| Total liabilities | 973,676 | 1,056 | 116,302 | 42,229 | 1,133,263 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenues: | | | | | |
| Succeeding year property tax | 10,060,380 | 2,116,652 | 970,136 | 1,000,002 | 14,147,170 |
| Other | 1,299,587 | - | - | - | 1,299,587 |
| Total deferred inflows of resources | 11,359,967 | 2,116,652 | 970,136 | 1,000,002 | 15,446,757 |
| Fund balances: | | | | | |
| Nonspendable | - | - | 25,877 | - | 25,877 |
| Restricted for: | | | | | |
| Categorical funding | 535,170 | - | - | - | 535,170 |
| Debt service | - | 328,680 | - | - | 328,680 |
| Revenue bond reserve | - | - | 562,000 | - | 562,000 |
| Management levy purposes | - | - | - | 1,701,742 | 1,701,742 |
| Student activities | - | - | - | 563,511 | 563,511 |
| School infrastructure | - | - | 5,189,004 | - | 5,189,004 |
| Physical plant and equipment | - | - | 519,052 | - | 519,052 |
| Unassigned | 4,794,834 | - | - | - | 4,794,834 |
| Total fund balances | 5,330,004 | 328,680 | 6,295,933 | 2,265,253 | 14,219,870 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 17,663,647 | 2,446,388 | 7,382,371 | 3,307,484 | 30,799,890 |

See notes to financial statements.

Exhibit D

Newton 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 (Exhibit C) | \$ 14,219,870 |
|--|----------------------|

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

| | |
|--|------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. | 56,847,820 |
|--|------------|

| | |
|---|-----------|
| Other long-term assets, including income surtax receivable, are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. | 1,299,587 |
|---|-----------|

| | |
|---|-----------|
| The internal service fund is used to charge the costs of the district's self-funded health insurance plan to the governmental funds. The net position of the internal service fund are therefore included in governmental activities. | 2,087,191 |
|---|-----------|

| | |
|---|----------|
| 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. | (66,680) |
|---|----------|

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

| | | |
|--------------------------------|--------------|--------------|
| Deferred outflows of resources | \$ 2,910,612 | |
| Deferred inflows of resources | (14,446,592) | (11,535,980) |

Long-term liabilities, including bonds and notes payable, compensated absences, net pension liability and total OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Those liabilities at year-end consist of:

| | | |
|----------------------------------|--------------|--------------|
| Lease agreements payable | \$ (112,609) | |
| General obligation bonds payable | (20,992,207) | |
| Revenue bonds payable | (4,075,491) | |
| Early retirement payable | (999,995) | |
| Compensated absences | (47,278) | |
| Net pension liability | (353,676) | |
| Total OPEB liability | (1,118,480) | (27,699,736) |

| | |
|--|----------------------|
| Net position of governmental activities (Exhibit A) | \$ 35,152,072 |
|--|----------------------|

See notes to financial statements.

Exhibit E

Newton Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2022

| | General | Debt Service | Capital Projects | Non-major Governmental Funds | Total |
|---|---------------|-----------------|---------------------|------------------------------------|-------------|
| Revenues: | | | | | |
| Local sources: | | | | | |
| Local tax | \$ 10,380,173 | 2,115,537 | 903,866 | 1,500,739 | 14,900,315 |
| Tuition | 227,541 | - | - | - | 227,541 |
| Other | 408,641 | 843 | 3,186 | 620,965 | 1,033,635 |
| State sources | 22,942,834 | 36,455 | 3,572,296 | 25,671 | 26,577,256 |
| Federal sources | 3,910,804 | - | 22,008 | - | 3,932,812 |
| Total revenues | 37,869,993 | 2,152,835 | 4,501,356 | 2,147,375 | 46,671,559 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction | 22,888,198 | - | 481,671 | 651,833 | 24,021,702 |
| Support services: | | | | | |
| Student | 1,165,694 | - | - | 13,709 | 1,179,403 |
| Instructional staff | 2,690,656 | - | 680,841 | 3,950 | 3,375,447 |
| Administration | 3,953,640 | 6,700 | 1,002 | 15,716 | 3,977,058 |
| Operation and maintenance of plant | 3,641,941 | - | 169,411 | 428,726 | 4,240,078 |
| Transportation | 1,205,477 | - | 181,159 | 122,327 | 1,508,963 |
| | 12,657,408 | 6,700 | 1,032,413 | 584,428 | 14,280,949 |
| Non-instructional programs: | | | | | |
| Community service operations | 4,186 | - | - | - | 4,186 |
| Food service operations | - | - | - | 4,591 | 4,591 |
| | 4,186 | - | - | 4,591 | 8,777 |
| Capital outlay: | | | | | |
| Facilities acquisition | - | - | 1,866,517 | - | 1,866,517 |
| Debt service: | | | | | |
| Principal | - | 1,954,379 | - | - | 1,954,379 |
| Interest and fiscal charges | - | 869,993 | - | - | 869,993 |
| | - | 2,824,372 | - | - | 2,824,372 |
| Intergovernmental: | | | | | |
| AEA flowthrough | 1,372,711 | - | - | - | 1,372,711 |
| Total expenditures | 36,922,503 | 2,831,072 | 3,380,601 | 1,240,852 | 44,375,028 |
| Excess (deficiency) of revenues over (under) expenditures | 947,490 | (678,237) | 1,120,755 | 906,523 | 2,296,531 |
| Other financing sources (uses): | | | | | |
| Sale of equipment | 8,840 | - | - | - | 8,840 |
| Transfers in | 42,992 | 712,066 | 497,226 | - | 1,252,284 |
| Transfers out | (497,226) | - | (712,066) | - | (1,209,292) |
| Total other financing sources (uses) | (445,394) | 712,066 | (214,840) | - | 51,832 |
| Change in fund balances | 502,096 | 33,829 | 905,915 | 906,523 | 2,348,363 |
| Fund balances beginning of year | 4,827,908 | 294,851 | 5,390,018 | 1,358,730 | 11,871,507 |
| Fund balances end of year | \$ 5,330,004 | 328,680 | 6,295,933 | 2,265,253 | 14,219,870 |

See notes to financial statements.

Exhibit F

Newton 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

Net change in fund balances - total governmental funds (Exhibit E) **\$ 2,348,363**

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 reported in the Statement of Net Position and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

| | | |
|------------------------------------|--------------------|-----------|
| Expenditures for capital assets | \$ 2,072,879 | |
| Loss on disposal of capital assets | (829,133) | |
| Depreciation/amortization expense | <u>(2,127,698)</u> | (883,952) |

Repayment of long-term debt liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of issuance costs and premiums, whereas these amounts are deferred in and amortized in the Statement of Activities. Current year items are as follows:

| | | |
|---|---------------|-----------|
| Repayments of bond, notes and lease principal | 1,954,379 | |
| Amortization of premiums and discounts | <u>78,713</u> | 2,033,092 |

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 9,034

The change in Net Position of the Internal Service Funds represent an overcharge to the governmental funds served and, therefore, decreases expenses in the Statement of Activities. 666,439

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 funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 5,587

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 2,061,442

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

| | | |
|----------------------|----------------|-----------|
| Early retirement | (999,995) | |
| Compensated absences | 19,087 | |
| Pension expense | 2,980,398 | |
| OPEB expense | <u>148,914</u> | 2,148,404 |

Change in net position of governmental activities (Exhibit B) **\$ 8,388,409**

See notes to financial statements.

Exhibit G

Newton Community School District
Statement of Net Position
Proprietary Funds
June 30, 2022

| | Business Type Activities Major Enterprise Fund | Governmental Activities Internal Service Fund |
|---------------------------------------|--|--|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,597,921 | 2,738,489 |
| Due from other governments | 99,987 | - |
| Inventories | 6,302 | - |
| Total current assets | 1,704,210 | 2,738,489 |
| Non-current assets: | | |
| Capital assets: | | |
| Equipment | 1,376,543 | - |
| Accumulated depreciation | (812,495) | - |
| Total noncurrent assets | 564,048 | - |
| Total assets | 2,268,258 | 2,738,489 |
| Deferred Outflows of Resources | | |
| Pension related deferred outflows | 135,037 | - |
| OPEB related deferred outflows | 19,982 | - |
| | 155,019 | - |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 28,228 | 147,945 |
| Salaries and benefits payable | 12,785 | - |
| Incurred but not reported claims | - | 499,140 |
| Due to other funds | - | 4,213 |
| Unearned revenues | 22,636 | - |
| Total current liabilities | 63,649 | 651,298 |
| Noncurrent liabilities: | | |
| Net pension liability | 11,095 | - |
| Net OPEB liability | 64,944 | - |
| Total noncurrent liabilities | 76,039 | - |
| Total liabilities | 139,688 | 651,298 |
| Deferred Inflows of Resources | | |
| Pension related deferred inflows | 37,298 | - |
| OPEB related deferred inflows | 6,087 | - |
| | 43,385 | - |
| Net Position | | |
| Investment in capital assets | 564,048 | - |
| Unrestricted | 1,676,156 | 2,087,191 |
| Total net position | \$ 2,240,204 | 2,087,191 |

See notes to financial statements.

Exhibit H

Newton Community School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2022

| | Business Type Activities | Governmental Activities |
|---|-----------------------------|----------------------------|
| | Major Enterprise Fund | Internal Service Fund |
| Operating revenue: | | |
| Local sources: | | |
| Charges for services | \$ 110,065 | 4,084,184 |
| Operating expenses: | | |
| Support services: | | |
| Instructional staff | - | 23,391 |
| Administration services | - | 3,395,588 |
| Operation and maintenance of plant | 6,687 | - |
| | 6,687 | 3,418,979 |
| Non-instructional programs: | | |
| Food service operations: | | |
| Salaries | 623,962 | - |
| Benefits | (300,711) | - |
| Supplies | 871,941 | - |
| Depreciation | 95,081 | - |
| Total operating expenses | 1,290,273 | - |
| | 1,296,960 | 3,418,979 |
| Operating income (loss) | (1,186,895) | 665,205 |
| Non-operating revenues: | | |
| Interest on investments | 753 | 1,234 |
| State sources | 12,412 | - |
| Federal sources | 2,358,994 | - |
| Total non-operating revenues | 2,372,159 | 1,234 |
| Income before transfers and capital contributions | 1,185,264 | 666,439 |
| Transfers: | | |
| Capital contributions | 3,178 | - |
| Transfers out | (42,992) | - |
| Total transfers | (39,814) | - |
| Change in net position | 1,145,450 | 666,439 |
| Net position beginning of year | 1,094,754 | 1,420,752 |
| Net position end of year | \$ 2,240,204 | 2,087,191 |

See notes to financial statements.

Exhibit I
**Newton Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2022**

| | Business Type Activities Major Enterprise Fund | Governmental Activities Internal Service Fund |
|---|--|--|
| Cash flows from operating activities: | | |
| Cash received from sale of lunches and breakfasts | \$ 97,624 | - |
| Cash received from miscellaneous operating activities | 11,882 | 4,103,445 |
| Cash payments to employees for services | (882,163) | - |
| Cash payments to suppliers for goods or services | (678,337) | (3,326,006) |
| Net cash provided (used) by operating activities | (1,450,994) | 777,439 |
| Cash flows from non-capital financing activities: | | |
| Transfers out | (42,992) | - |
| State grants received | 12,412 | - |
| Federal grants received | 2,227,068 | - |
| Net cash provided by non-capital financing activities | 2,196,488 | - |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | (3,641) | - |
| Net cash used by capital and related financing activities | (3,641) | - |
| Cash flows from investing activities: | | |
| Interest on investments | 753 | 1,234 |
| Net increase in cash and cash equivalents | 742,606 | 778,673 |
| Cash and cash equivalents at beginning of year | 855,315 | 1,959,816 |
| Cash and cash equivalents at end of year | \$ 1,597,921 | 2,738,489 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ (1,186,895) | 665,205 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Commodities used | 163,842 | - |
| Depreciation | 95,081 | - |
| Decrease in accounts receivable | 823 | - |
| Decrease in due from other funds payable | - | 15,048 |
| Decrease in inventories | 24,187 | - |
| Increase (Decrease) in accounts payable | 12,262 | (18,058) |
| Increase in salaries and benefits payable | 6,494 | - |
| Decrease in unearned revenue | (1,382) | - |
| Increase in incurred but not reported claims payable | - | 111,031 |
| Increase in due to other funds payable | - | 4,213 |
| Decrease in compensated absences | (2,888) | - |
| Increase in other post employment benefits | 731 | - |
| Decrease in net pension liability | (558,284) | - |
| Decrease in deferred outflows of resources | 10,040 | - |
| Increase in deferred inflows of resources | (15,005) | - |
| Net cash provided (used) by operating activities | \$ (1,450,994) | 777,439 |
| Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet: | | |
| Current assets: | | |
| Cash and investments | \$ 1,597,921 | 2,738,489 |
| Cash and cash equivalents at year end | \$ 1,597,921 | 2,738,489 |
| Non-cash investing, capital and financing activities: | | |
| Noncapital financing activities, commodities received from the US Department of Agriculture | \$ 163,842 | - |

See notes to financial statements.

(1) **Summary of Significant Accounting Policies**

The Newton 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 vocational and recreational courses. The geographic area served includes the cities of Newton and Kellogg, Iowa and the agricultural territory in Jasper County. 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, Newton 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. Newton Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization - 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 Jasper County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. 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 non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position are reported in the following categories:

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

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

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

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

(1) *Summary of Significant Accounting Policies (continued from previous page)*

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary 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 non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

Fund accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, deferred outflow of resources, liabilities, deferred inflows of resources, restrictions, fund balance/Net Position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows is reported as fund balance. The following are the District's major governmental funds:

General Fund: The General Fund accounts for all sources used to finance District operation and maintenance, except those required to be accounted for in another fund.

Debt Service Fund: 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.

Capital Projects Fund: 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 other governmental funds of the District are considered non-major and are as follows:

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

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

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

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

The following enterprise funds of the District are considered major:

School Nutrition Fund: This fund accounts for transactions related to the school lunch, breakfast and summer food programs authorized by Iowa Code 283A.

Internal Service Funds: The internal service funds are used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The internal service funds are charged back to the Governmental Funds and shown combined in the statement of net position and statement of activities. This chargeback is based on a percentage of total employees by the participants' various functional areas. The District has the following internal service funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there 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.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

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

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

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

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that 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 deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

Income Surtax Receivable - Income surtax budgeted for the fiscal year ended June 30, 2022 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred inflow of resources on the modified accrual basis for the governmental funds. For the government-wide statements, on the Statement of Activities the income surtax revenue is recognized.

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 the moving average cost for purchased items and contributed value (fair value at the date received) for government commodities and other donated items. Inventories are recorded as expenses when consumed in the Government-wide financial statements and proprietary funds' financial statements. In the governmental fund financial statements, inventories are accounted for using the consumption method whereby inventory acquisitions are recorded in inventory accounts when purchased and are charged to operations when consumed or sold. In the proprietary fund financial statements, inventories are recorded at the lower costs (first in, first out method) or market and food commodities which were received from the federal government recorded at the contributed value as of the date received.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

Prepaid items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the Government-wide and fund financial statements on the consumption method. The fund balance in the governmental funds relating to prepaid items is reported as nonspendable.

Capital Assets - Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. 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 their acquisition values. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible and right-to-use 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 one year.

| <u>Asset Class</u> | <u>Amount</u> |
|-----------------------------------|---------------|
| Land | \$ 5,000 |
| Buildings | 5,000 |
| Improvements other than buildings | 5,000 |
| Intangibles | 100,000 |
| Right-to-use leased assets | 100,000 |
| Furniture and equipment: | |
| Enterprise Fund equipment | 500 |
| Other furniture and equipment | 5,000 |

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:

| <u>Asset Class</u> | <u>Estimated Useful Lives (In Years)</u> |
|-----------------------------------|--|
| Buildings | 50 years |
| Improvements other than buildings | 20 years |
| Intangibles | 2-10 years |
| Right-to-use leased assets | 2-10 years |
| Furniture and equipment | 5-12 years |

Leases - Newton 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 asset (lease asset) in the government-wide financial statements. The District recognizes leases with an initial, individual value of \$100,000 or more.

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

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

Newton 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.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

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

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

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

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and 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 and hourly employees corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

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.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2022. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuarial 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 and the Enterprise, School Nutrition Fund.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and 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 until the year for which it is levied.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

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

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

Nonspendable - Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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 other spendable classifications as well as any deficit fund balance of any other governmental fund is reported as unassigned. The General Fund is the only fund that reports a positive unassigned fund balance.

In governmental funds when an expenditure is incurred that can be paid using either restricted or unrestricted resources, the District's policy is generally to apply the expenditure toward restricted fund balance and then to other, less-restricted classifications – committed, assigned, and then unassigned fund balances.

The District does not have a minimum fund balance policy. They rely on Iowa Statutes for those funds that, by statute, have requirements placed on ending unencumbered cash.

(2) **Budgetary and Budgetary Control**

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules - Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. During the year ended June 30, 2022, expenditures exceeded the amounts budgeted in the support services function.

(3) **Cash, Cash Equivalents and Pooled Investments**

As of June 30, 2022, the carrying amount of the District's bank deposits and pooled investments totaled \$18,123,813 with cash and cash equivalent balances of \$1,491,758 and investment balances of \$16,632,055. Of the balances, \$1,000,000 was covered by federal depository insurance and \$15,632,055 was collateralized by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds not currently needed for operating expenses in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured Iowa depository institutions approved by the Board; 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, 2022, the District had investments in the following:

(3) *Cash, Cash Equivalents and Pooled Investments (continued from previous page)*

| Type | Amortized Cost/Fair Value |
|-------|------------------------------|
| ISJIT | <u>\$ 16,632,055</u> |

The investments in ISJIT are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There is no material difference from fair value. In addition, the fair value of the District's financial position in the pool is the same as the value of the pool shares. There were no limitations or restrictions on withdrawals of the ISJIT investments.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy requires operating funds to be invested in investments that mature within 397 days or less. When investing other than operating funds, the investments must mature according to the needs of the funds. Operating funds of the District are funds which are reasonably expected to be used during a current budget year or within 15 months of receipt. The maturity of the District's position in an external investment pool is based on the average maturity of the pool's investments.

Credit risk: The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Rating Service. The Iowa Schools Joint Investment Trust is sponsored by the Iowa Association of School Boards, governed by a representative board of trustees. The board of trustees serves as the regulatory oversight of the pool. The District's investment policy does not formally address credit risk.

Custodial credit risk for deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. The District's deposits in banks as of 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 insure there will be no loss of public funds.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Chapter 12C of the Code of Iowa requires all District funds be deposited into an approved depository and be either insured or collateralized.

At June 30, 2022, the District's cash and cash equivalents with financial institutions were entirely covered by federal depository insurance or insured through the state pooled collateral, state sinking funds and by the state's ability to assess for lost funds. At June 30, 2022, \$16,632,055 of the District's investments was uninsured or unregistered with securities held by the counterparty's trust department or agent in the District's name.

Newton Community School District
Notes to Financial Statements
June 30, 2022

(4) Transfers

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

| | Transfer In | | | |
|---------------------------|-------------------------|----------------|------------------|------------------|
| | Governmental Activities | | | Total |
| | General | Debt Service | Capital Projects | |
| <u>Transfer Out:</u> | | | | |
| Governmental Activities: | | | | |
| General | \$ - | - | 497,226 | 497,226 |
| Capital Projects | - | 712,066 | - | 712,066 |
| Business-type Activities: | | | | |
| School Nutrition | 42,992 | - | - | 42,992 |
| Total | <u>\$ 42,992</u> | <u>712,066</u> | <u>497,226</u> | <u>1,252,284</u> |

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

The Enterprise, School Nutrition Fund transferred to the General Fund for indirect costs of the School Nutrition Program.

The Capital Projects, Statewide Sales, Services and Use Tax Fund transferred to the Debt Service Fund for revenue bond payments. The Capital Projects, Physical Plant and Equipment Levy Fund transferred to the Debt Service Fund for capital leased equipment payments.

The General Fund transferred ESSER funds to the Capital Projects, Statewide Sales, Services and Use Tax Fund for updates to the district HVAC system controls.

(5) Due from and Due to Other Funds

The detail interfund receivables and payables for the year ended June 30, 2022 is as follows:

| Receivable Fund | Payable Fund | Amount |
|---------------------------------|------------------------------------|-----------------|
| Nonmajor, Special Revenue Fund, | Proprietary, Internal Service Fund | |
| Management Levy Fund | Self-Funded Health Insurance Fund | <u>\$ 4,213</u> |

The Self-Funded Health Insurance Fund is repaying excess collected retiree health insurance contributions that should have remained in the Management Levy Fund.

Newton Community School District
Notes to Financial Statements
June 30, 2022

(6) Capital Assets

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

| | Restated, Balance Beginning of Year | Additions | Reductions | Balance End of Year |
|---|--|-----------|------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated/amortized: | | | | |
| Land | \$ 996,689 | - | - | 996,689 |
| Construction in progress | 481,307 | 42,951 | 499,698 | 24,560 |
| Total capital assets not being depreciated/amortized | 1,477,996 | 42,951 | 499,698 | 1,021,249 |
| Capital assets being depreciated/amortized: | | | | |
| Buildings | 70,417,647 | 2,021,090 | 1,298,206 | 71,140,531 |
| Improvements other than buildings | 6,807,418 | 114,033 | 29,396 | 6,892,055 |
| Furniture and equipment | 7,713,671 | 394,503 | 1,106,444 | 7,001,730 |
| Right-to-use leased equipment | 200,075 | - | - | 200,075 |
| Total capital assets being depreciated/amortized | 85,138,811 | 2,529,626 | 2,434,046 | 85,234,391 |
| Less accumulated depreciation/amortization for: | | | | |
| Buildings | 18,887,214 | 1,366,991 | 480,481 | 19,773,724 |
| Improvements other than buildings | 3,730,495 | 233,886 | 24,237 | 3,940,144 |
| Furniture and equipment | 6,217,418 | 486,806 | 1,100,195 | 5,604,029 |
| Right to used leased equipment | 49,908 | 40,015 | - | 89,923 |
| Total accumulated depreciation/amortization | 28,885,035 | 2,127,698 | 1,604,913 | 29,407,820 |
| Total capital assets being depreciated/amortized, net | 56,253,776 | 401,928 | 829,133 | 55,826,571 |
| Governmental activities capital assets, net | \$ 57,731,772 | 444,879 | 1,328,831 | 56,847,820 |
| Business type activities: | | | | |
| Furniture and equipment | \$ 1,369,724 | 6,819 | - | 1,376,543 |
| Less accumulated depreciation | 717,414 | 95,081 | - | 812,495 |
| Business type activities capital assets, net | \$ 652,310 | (88,262) | - | 564,048 |

Newton Community School District
Notes to Financial Statements
June 30, 2022

(6) *Capital Assets (continued from previous page)*

Depreciation/amortization expense was charged by the District as follows:

Governmental activities:

Instruction:

| | |
|---------|------------|
| Regular | \$ 216,616 |
| Other | 49,264 |

Support services:

| | |
|------------------------------------|-----------|
| Administration | 40,015 |
| Operation and maintenance of plant | 1,626,293 |
| Transportation | 195,510 |

| | |
|---|---------------------|
| Total depreciation/amortization expense - governmental activities | <u>\$ 2,127,698</u> |
|---|---------------------|

Business type activities:

| | |
|---------------|------------------|
| Food services | <u>\$ 95,081</u> |
|---------------|------------------|

(7) **Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2022 are summarized as follows:

| | Restated, Balance Beginning of Year | Additions | Reductions | Balance End of Year | Due Within One Year |
|-----------------------------------|--|---------------|-------------------|---------------------------|---------------------------|
| Governmental activities: | | | | | |
| Lease agreements | \$ 151,988 | - | 39,379 | 112,609 | 40,206 |
| General obligation bonds | 22,030,000 | - | 1,435,000 | 20,595,000 | 1,480,000 |
| Premiums | 643,888 | - | 51,695 | 592,193 | 51,695 |
| Discounts | (211,609) | - | (16,623) | (194,986) | (16,623) |
| Total general obligation bonds | 22,462,279 | - | 1,470,072 | 20,992,207 | 1,515,072 |
| Revenue bonds | 4,250,000 | - | 480,000 | 3,770,000 | 495,000 |
| Premiums | 387,994 | - | 48,499 | 339,495 | 48,499 |
| Discounts | (38,862) | - | (4,858) | (34,004) | (4,858) |
| Total revenue bonds | 4,599,132 | - | 523,641 | 4,075,491 | 538,641 |
| Net pension liability | 18,300,472 | - | 17,946,796 | 353,676 | - |
| Total OPEB liability | 1,105,898 | 12,582 | - | 1,118,480 | - |
| Early retirement | - | 999,995 | - | 999,995 | 999,995 |
| Compensated absences | 66,365 | 47,278 | 66,365 | 47,278 | 47,278 |
| Subtotal governmental activities | 46,686,134 | 59,860 | 20,046,253 | 26,699,741 | 2,141,197 |
| Business type activities: | | | | | |
| Net pension liability | \$ 569,379 | - | 558,284 | 11,095 | - |
| Total OPEB liability | 64,213 | 731 | - | 64,944 | - |
| Compensated absences | 2,888 | - | 2,888 | - | - |
| Subtotal business type activities | 636,480 | 731 | 561,172 | 76,039 | - |
| Total | \$ 47,322,614 | 60,591 | 20,607,425 | 26,775,780 | 2,141,197 |

Newton Community School District
Notes to Financial Statements
June 30, 2022

(7) *Long-Term Liabilities (continued from previous page)*

Lease Agreements

On April 1, 2020, the District entered into a lease agreement for copiers and printers. An initial lease liability was recorded in the amount of \$151,988 per Accounting Change/Restatement Note 18. The agreement requires monthly payments of \$3,513.87 over 5 years with an implicit interest rate of 2.08% and final payment due March 1, 2025. During the year ended June 30, 2022, principal and interest paid were \$39,379 and \$2,787, respectively.

| Year Ending June 30, | Interest Rates | Principal | Interest | Total |
|----------------------------|-------------------|-------------------|--------------|----------------|
| 2023 | 2.08% | \$ 40,206 | 1,960 | 42,166 |
| 2024 | 2.08% | 41,050 | 1,116 | 42,166 |
| 2025 | 2.08% | 31,353 | 272 | 31,625 |
| | | <u>\$ 112,609</u> | <u>3,348</u> | <u>115,957</u> |

General Obligation Bonds

During the year ended June 30, 2017 the district issued General Obligation Bonds of \$19,210,000 for capital facility construction. During the year ended June 30, 2018 the district issued General Obligation Bonds of \$7,690,000 for capital facility construction. All bond issues were to finance the construction phases of the new Berg Middle School. Details of the District's June 30, 2022 general obligation bonded indebtedness are as follows:

| Year Ending June 30, | December 22, 2016 Issue | | | April 12, 2017 Issue | | |
|----------------------------|-------------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
| | Interest Rates | Principal | Interest | Interest Rates | Principal | Interest |
| 2023 | 3.00% | \$ 600,000 | 206,850 | 3.00% | \$ 475,000 | 233,725 |
| 2024 | 3.00% | 620,000 | 188,850 | 3.00% | 490,000 | 219,475 |
| 2025 | 3.00% | 640,000 | 170,250 | 3.00% | 505,000 | 204,775 |
| 2026 | 3.00% | 660,000 | 151,030 | 3.00% | 520,000 | 189,625 |
| 2027 | 3.00% | 675,000 | 131,250 | 3.00% | 535,000 | 174,025 |
| 2028-2032 | 3.00% | 3,700,000 | 339,600 | 3.00-3.25% | 2,940,000 | 618,725 |
| 2033-2035 | | - | - | 3.25-3.50% | 1,995,000 | 139,437 |
| Total | | <u>\$ 6,895,000</u> | <u>\$ 1,187,830</u> | | <u>\$ 7,460,000</u> | <u>\$ 1,779,787</u> |

| Year Ending June 30, | March 13, 2018 Issue | | | Total | | |
|----------------------------|----------------------|---------------------|------------------|----------------------|------------------|-------------------|
| | Interest Rates | Principal | Interest | Principal | Interest | Total |
| 2023 | 3.00% | \$ 405,000 | 194,281 | \$ 1,480,000 | \$ 634,856 | 2,114,856 |
| 2024 | 3.00% | 415,000 | 182,131 | 1,525,000 | 590,456 | 2,115,456 |
| 2025 | 3.00% | 425,000 | 169,681 | 1,570,000 | 544,706 | 2,114,706 |
| 2026 | 3.00% | 435,000 | 156,931 | 1,615,000 | 497,586 | 2,112,586 |
| 2027 | 3.00% | 455,000 | 143,881 | 1,665,000 | 449,156 | 2,114,156 |
| 2028-2032 | 3.00-3.125% | 2,465,000 | 506,969 | 9,105,000 | 1,465,294 | 10,570,294 |
| 2033-2035 | 3.25-3.375% | 1,640,000 | 82,526 | 3,635,000 | 221,963 | 3,856,963 |
| Total | | <u>\$ 6,240,000</u> | <u>1,436,400</u> | <u>\$ 20,595,000</u> | <u>4,404,017</u> | <u>24,999,017</u> |

Newton Community School District
Notes to Financial Statements
June 30, 2022

(7) *Long-Term Liabilities (continued from previous page)*

Revenue Bonds

During the year ended June 30, 2019 the district issued Revenue Bonds of \$5,620,000 for capital facility construction. The bond issue was to finance the final construction phases of the new Berg Middle School. Details of the District's June 30, 2022 general obligation bonded indebtedness are as follows:

| Year Ending June 30, | August 23, 2018 Issue | | | |
|----------------------------|-----------------------|--------------|----------|-----------|
| | Interest Rates | Principal | Interest | Total |
| 2023 | 5.00% | \$ 495,000 | 165,300 | 660,300 |
| 2024 | 5.00% | 505,000 | 140,550 | 645,550 |
| 2025 | 5.00% | 520,000 | 115,300 | 635,300 |
| 2026 | 5.00% | 535,000 | 89,300 | 624,300 |
| 2027 | 5.00% | 555,000 | 62,550 | 617,550 |
| 2028-2029 | 3.00% | 1,160,000 | 52,500 | 1,212,500 |
| Total | | \$ 3,770,000 | 625,500 | 4,395,500 |

The District has pledged future statewide sales, services and use tax revenues to repay the \$5,260,000 bonds issued August 23, 2018. The statewide sales, services and use tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenue received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the bonds is \$4,395,500. For the current year, principal of \$480,000 and interest of \$189,300 was paid on the bonds and total statewide sales and services tax revenues were \$3,556,756.

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

- a) \$562,000 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District complied with all of the revenue bond provisions during the year ended June 30, 2022.

Early Retirement

The District offered an early retirement plan during the year ended June 30, 2022. Eligible employees were at least 55 years old on June 30 and employees completed 10 years of continuous service to the District. Employees filed a letter of intent which was required to be approved by the Board of Education.

(7) *Long-Term Liabilities (continued from previous page)*
Early Retirement (continued from previous page)

The early retirement incentive offered in 2021-22 for each eligible certified employee was equal to a \$50,000 employer contribution to the state 403B program. The early retirement incentive offered in 2021-22 for each eligible classified employee was equal to a \$14,285 employer contribution to the state 403B program. The early retirement benefits are payable to 18 certified and 7 classified employees at year end. Early retirement benefits will be paid by the Special Revenue, Management Levy Fund. Actual early retirement expenditures for the year ended June 30, 2022 totaled \$0.

(8) **Pension Plan**

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

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

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

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

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

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

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

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

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of pay and the District contributed 9.44% for a total rate of 15.73%.

Newton Community School District
Notes to Financial Statements
June 30, 2022

(8) *Pension Plan (continued from previous page)*

The District's contributions to IPERS for the year ended June 30, 2022 were \$2,061,442.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of \$364,771 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 the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2021, the District's collective proportion was 0.260195%, which was a decrease of 0.010311% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$1,391,217. 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 |
|---|-----------------------------------|----------------------------------|
| Difference between expensed and actual experience | \$ 277,540 | 278,666 |
| Changes of assumptions | 238,591 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 13,216,239 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 13,036 | 957,392 |
| Entity contributions subsequent to the measurement date | 2,061,442 | - |
| Total | <u>\$ 2,590,609</u> | <u>14,452,297</u> |

\$2,061,442 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 ended 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 | \$ (3,498,554) |
| 2024 | (3,491,785) |
| 2025 | (3,191,534) |
| 2026 | (3,718,192) |
| 2027 | (23,065) |
| Total | <u>\$ (13,923,130)</u> |

There were no non-employer contributing entities at IPERS.

Newton Community School District
Notes to Financial Statements
June 30, 2022

(8) *Pension Plan (continued from previous page)*

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 actuarial experience 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Asset Allocation | Long-Term Expected Real Rate of Return |
|--------------------------|------------------|--|
| Domestic Equity | 22.0% | 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 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(8) *Pension Plan (continued from previous page)*

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 7.0%, 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 (6.0%) or 1% higher (8.0%) than the current rate.

| | 1% Decrease (6.0%) | Discount Rate (7.0%) | 1% Increase (8.0%) |
|--|--------------------------|----------------------------|--------------------------|
| District's proportionate share of the net pension liability | \$12,910,433 | \$364,771 | -\$10,149,291 |

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

(9) **Other Post-Employment 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. As of June 30, 2022 there are 303 active and 14 retired members in the plan. Retired participants must be age 55 or older at retirement. 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.

The medical and prescription drug coverage was provided through a self-funded health insurance plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Total OPEB Liability - The District's total OPEB liability of \$1,183,424 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

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

| | |
|---|---|
| Rate of inflation (effective June 30, 2022) | 2.50% per annum. |
| Rates of salary increase (effective June 30, 2022) | 3.25% per annum. including inflation. |
| Discount rate (effective June 30, 2022) | 2.14% compounded annually including inflation. |
| Healthcare cost trend rate (effective June 30, 2022) | 5.00% initial rate. |

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/An or higher as of the measurement date.

Mortality rates are from the RP-2014 Annuity Mortality table (2/3 female, 1/3 male). Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

(9) Other Post-Employment Benefits (OPEB) (continued from previous page)

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|----------------------------|
| Total OPEB liability beginning of year | \$ 1,170,111 |
| Changes for the year: | |
| Service cost | 71,389 |
| Interest | 25,817 |
| Difference between expected and actual experiences | (103,567) |
| Changes in assumptions | 117,282 |
| Benefit payments | (97,608) |
| Net changes | 13,313 |
| Total OPEB liability end of year | \$ 1,183,424 |

Changes in 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 represents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.14%) or 1% higher (3.14%) than the current discount rate.

| | 1% Decrease (1.14%) | Discount Rate (2.14%) | 1% Increase (3.14%) |
|----------------------|---------------------------|-----------------------------|---------------------------|
| Total OPEB liability | \$1,278,896 | \$1,183,424 | \$1,096,304 |

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following represents the total OPEB liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.0%) or 1% higher (6.0%) than the current healthcare trend rate.

| | 1% Decrease (4.0%) | Discount Rate (5.0%) | 1% Increase (6.0%) |
|----------------------|--------------------------|----------------------------|--------------------------|
| Total OPEB liability | \$1,073,594 | \$1,183,424 | \$1,311,624 |

Newton Community School District
Notes to Financial Statements
June 30, 2022

(9) *Other Post-Employment Benefits (OPEB) (continued from previous page)*

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended June 30, 2022, the District recognized OPEB expense of \$134,886. At June 30, 2022, the District reported deferred outflows/inflows of resources related to OPEB from the following resources:

| | Deferred Inflows of Resources | Deferred Outflows of Resources |
|--|----------------------------------|-----------------------------------|
| Difference between expected and actual experience | \$ 37,680 | 110,913 |
| Changes of assumptions | - | 364,109 |
| Net difference between projected and actual earnings on pension plan investments | - | - |
| Total | <u>\$ 37,680</u> | <u>475,022</u> |

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

| Year Ended June 30, | Amount |
|------------------------|-------------------|
| 2022 | \$ 54,668 |
| 2023 | 54,668 |
| 2024 | 54,668 |
| 2025 | 54,668 |
| 2026 | 54,668 |
| Thereafter | 164,002 |
| Total | <u>\$ 437,342</u> |

(10) Risk Management

Newton 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. During the year ended June 30, 2022, there were no significant reductions in coverage. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Self-Funded Health Insurance Plan

The District began a self-funded health insurance plan starting July 1, 2019. The District has established the internal service fund to account for premium and claim payments for a self-insured group health insurance plan for the District's employees to meet potential losses from medical claims. The District will purchase commercial insurance to provide for aggregate stop-loss coverage for the excess of 125% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess \$75,000 in insured claims for any one covered individual.

Payments will be made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. Liabilities will be reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are estimated by considering the effects of inflation, recent claim settlement trends, including frequency and amount of pay-outs and other economic and social factors. The plan received an annual actuarial opinion and an annual report was filed with the State of Iowa Insurance Division.

(10) *Risk Management (continued from previous page)*

Changes in the balances of claims payable during the year ended June 30, 2022 is as follows:

| | 2022 | 2021 |
|------------------------------------|-------------------|----------------|
| Unpaid claims at beginning of year | \$ 388,109 | 420,005 |
| Incurred claims | 4,216,760 | 3,419,493 |
| Payment | 4,114,729 | 3,451,389 |
| Unpaid claims at end of year | <u>\$ 490,140</u> | <u>388,109</u> |

Each participating fund will make payments to the self-insurance fund for amounts which are determined based on historical claims experience. Such payments are displayed on the financial statements as revenues and expenditures/expenses. There have been no significant reductions in insurance coverage from the past three years.

(11) **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 \$1,372,711 for the year ended June 30, 2022 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

(12) **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

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 Newton | Urban renewal and economic development projects | \$342,844 |
| City of Kellogg | Urban renewal and economic development projects | <u>77,451</u> |
| Total | | <u>\$420,295</u> |

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 \$153,477.

Newton Community School District
Notes to Financial Statements
June 30, 2022

(13) Construction Commitments

The District has active construction projects as of June 30, 2022. The projects include construction on the Newton High School sewer replacement project and Thomas Jefferson Elementary boiler project. At the end of the year, the District paid \$24,560 with \$64,689 of outstanding contract agreements to be paid upon completion of the capital projects.

(14) Contingent Liabilities

As of June 30, 2022, the District does not have any contingent liabilities.

(15) Disaggregation of Receivables and Payables

Receivables and payables are disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the next year.

(16) Due from Other Governments

Amount due from other governments by Fund as of June 30, 2022 are as follows:

| | Governmental Activities | | Business Type Activities | |
|---|-------------------------|-----------------------------|------------------------------|----------------|
| | General Fund | Capital Projects Fund | Major Enterprise Funds | Grand Total |
| Local sources: | | | | |
| Tuition | \$ 115,538 | - | - | 115,538 |
| | 115,538 | - | - | 115,538 |
| State sources: | | | | |
| Non-public transportation | 16,286 | - | - | 16,286 |
| Foster care claim | 39,942 | - | - | 39,942 |
| Statewide sales, services and use tax | - | 249,212 | - | 249,212 |
| | 56,228 | 249,212 | - | 305,440 |
| Federal sources: | | | | |
| Title I | 249,595 | - | - | 249,595 |
| Supporting effective instruction | 35,066 | - | - | 35,066 |
| Title IV | 675 | - | - | 675 |
| Carrer and technical education | 31,269 | - | - | 31,269 |
| ESSER III learning loss | 124,424 | - | - | 124,424 |
| ESSER III | 481,369 | - | - | 481,369 |
| High cost claim reimbursement | 12,571 | - | - | 12,571 |
| E-rate reimbursement | 28,346 | - | - | 28,346 |
| Summer food service program | - | - | 46,248 | 46,248 |
| Supply chain assistance funds | - | - | 51,239 | 51,239 |
| School lunch equipment grants stabilization | - | - | 2,500 | 2,500 |
| | 963,315 | - | 99,987 | 1,063,302 |
| Total due from other governments | \$ 1,135,081 | 249,212 | 99,987 | 1,484,280 |

(17) Restricted Categorical Funds

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 |
|--|-------------------|
| Gifted and talented | \$ 266,444 |
| Teacher salary supplement | 47,852 |
| Successful progression for early readers | 67,392 |
| Educator quality, professional development | 153,482 |
| Total restricted categorical funding | <u>\$ 535,170</u> |

(18) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during fiscal year 2022. The new requirements require the reporting of certain lease liabilities which were previous not reported. The tables below show as the results of those changes.

| | Governmental Activities Net Position | |
|--|--|--------------------------|
| Net position at June 30, 2021 | \$ 26,765,484 | |
| Capital assets: | | |
| Right-to-use leased equipment | 200,075 | |
| Right-to-use leased equipment amortization | (49,908) | |
| Long-term liabilities: | | |
| Lease agreements | (151,988) | |
| Net position at July 1, 2021, as restated | <u>\$ 26,763,663</u> | |
| | | Long-term Liabilities |
| | Capital Assets | Lease Agreements |
| Balances June 30, 2021, as previously reported | \$ 57,581,605 | - |
| Change to implement GASB Statement No. 87 | 150,167 | 151,988 |
| Balances July 1, 2021, as restated | <u>\$ 57,731,772</u> | <u>151,988</u> |

Required Supplementary Information

Newton Community School District
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances
Budget and Actual - All Governmental Funds and Proprietary Funds
Required Supplementary Information
Year ended June 30, 2022

| | Governmental Funds Actual | Proprietary Funds Actual | Total Actual | Budgeted Amounts Original | Budgeted Amounts Final | Final to Actual Variance- Positive (Negative) |
|---|---------------------------------|--------------------------------|--------------|---------------------------------|------------------------------|--|
| Revenues: | | | | | | |
| Local sources | \$ 16,161,491 | 110,818 | 16,272,309 | 16,534,421 | 16,534,421 | (262,112) |
| Intermediate sources | - | - | - | 260 | 260 | (260) |
| State sources | 26,577,256 | 12,412 | 26,589,668 | 26,133,763 | 26,133,763 | 455,905 |
| Federal sources | 3,932,812 | 2,358,994 | 6,291,806 | 2,368,850 | 2,368,850 | 3,922,956 |
| Total revenues | 46,671,559 | 2,482,224 | 49,153,783 | 45,037,294 | 45,037,294 | 4,116,489 |
| Expenditures/Expenses: | | | | | | |
| Instruction | 24,021,702 | - | 24,021,702 | 23,236,701 | 24,500,000 | 478,298 |
| Support services | 14,280,949 | 6,687 | 14,287,636 | 12,731,254 | 14,000,000 | (287,636) |
| Non-instructional programs | 8,777 | 1,290,273 | 1,299,050 | 1,764,715 | 1,764,715 | 465,665 |
| Other expenditures | 6,063,600 | - | 6,063,600 | 6,659,445 | 7,000,000 | 936,400 |
| Total expenditures/expenses | 44,375,028 | 1,296,960 | 45,671,988 | 44,392,115 | 47,264,715 | 1,592,727 |
| Excess (deficiency) of revenues over (under) expenditures/expenses | 2,296,531 | 1,185,264 | 3,481,795 | 645,179 | (2,227,421) | 5,709,216 |
| Other financing sources (uses), net | 51,832 | (39,814) | 12,018 | 299,068 | 299,068 | (287,050) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses | 2,348,363 | 1,145,450 | 3,493,813 | 944,247 | (1,928,353) | 5,422,166 |
| Balances beginning of year | 11,871,507 | 1,094,754 | 12,966,261 | 10,250,715 | 10,250,715 | 2,715,546 |
| Balances end of year | \$ 14,219,870 | 2,240,204 | 16,460,074 | 11,194,962 | 8,322,362 | 8,137,712 |

See accompanying independent auditor's report

(1) Basis of Presentation

The District operates within the budget requirements for school districts as specified by state law and as prescribed by the Iowa Department of Management. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

For the fiscal year beginning July 1, a proposed budget is adopted by the Board and filed with the County Auditor no later than April 15. The budget is certified by the County Auditor to the Department of Management.

Once adopted, the budget can be amended by the Board. The amendment must be published and a public hearing conducted prior to the amendment. Any amendments must be certified to the County Auditor no later than May 31. The proposed expenditure budget is advertised in the local newspaper, together with a notice of public hearing. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$2,872,600.

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the functional area for a budgeted governmental and enterprise funds in total, rather than by individual fund type. Formal and legal budgetary control is based on four major classes of expenditures known as functional areas. These four functional areas are instruction, support services, non-instructional programs and other expenditures. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. Authorized expenditures cannot exceed the lesser of the certified budget plus any allowable amendments, or the authorized budget, which is the sum of the District's cost for that year plus the actual miscellaneous income received for that year plus the actual unspent balance from the preceding year. Appropriations, as adopted and amended, lapse at the end of the fiscal year. During the year ended June 30, 2022, expenditures in the support services area exceeded the amount budgeted.

The District is required by the Code of Iowa to budget for its share of media, education services and special education support provided through the local area education agency. The District's actual amount for this purpose totaled \$1,372,711 for the year ended June 30, 2022.

Newton Community School District
Schedule of District's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Eight Fiscal Year*
(In Thousands)
Required Supplementary Information

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-----------|-----------|-----------|-----------|-----------|
| District's proportion of the net pension liability | 0.260195% | 0.270506% | 0.275361% | 0.282613% | 0.285147% |
| District's proportionate share of the net pension liability | \$365 | \$18,870 | \$15,945 | \$17,884 | \$18,994 |
| District's covered payroll | \$21,118 | \$21,314 | \$20,964 | \$21,244 | \$21,285 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 1.73% | 88.53% | 76.06% | 84.18% | 89.24% |
| IPERS' net position as a percentage of the total pension liability | 100.81% | 82.90% | 85.45% | 83.62% | 82.21% |

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

Notes to Schedule of District's Proportionate Share of the Net Pension Liability:

Information is not available for prior to 2015 due to the implementation of GASB 68.

See accompanying independent auditor's report.

| 2017 | 2016 | 2015 |
|-----------|-----------|-----------|
| 0.280823% | 0.292375% | 0.303165% |
| \$17,673 | \$14,445 | \$12,023 |
| \$20,153 | \$20,030 | \$19,841 |
| 87.69% | 72.12% | 60.60% |
| 81.82% | 85.19% | 87.61% |

Newton Community School District
Schedule of District Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years
(In Thousands)
Required Supplementary Information

| | 2022 | 2021 | 2020 | 2019 |
|---|----------|----------|----------|----------|
| Statutorily required contribution | \$2,061 | \$1,994 | \$2,012 | \$1,979 |
| Contributions in relation to the statutorily required contribution | (2,061) | (1,994) | (2,012) | (1,979) |
| Contribution deficiency (excess) | \$0 | \$0 | \$0 | \$0 |
| District's covered payroll | \$21,837 | \$21,118 | \$21,314 | \$20,964 |
| Contributions as a percentage of covered payroll | 9.44% | 9.44% | 9.44% | 9.44% |

See accompanying independent auditor's report.

| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|----------|----------|----------|----------|----------|----------|
| \$1,897 | \$1,901 | \$1,800 | \$1,789 | \$1,772 | \$1,690 |
| (1,897) | (1,901) | (1,800) | (1,789) | (1,772) | (1,690) |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| \$21,244 | \$21,285 | \$20,153 | \$20,030 | \$19,841 | \$19,487 |
| 8.93% | 8.93% | 8.93% | 8.93% | 8.93% | 8.67% |

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 of 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 beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

Newton Community School District
Schedule of Changes in the District's
Total OPEB Liability, Related Ratios and Notes
For the Last Five Fiscal Years
Required Supplementary Information

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------|---------------|---------------|---------------|---------------|
| Service cost | \$ 71,389 | \$ 55,317 | \$ 53,576 | \$ 48,021 | \$ 48,052 |
| Interest Cost | 25,817 | 41,431 | 42,229 | 32,723 | 33,764 |
| Difference between expected and actual experiences | (103,567) | 0 | 50,502 | (23,302) | (24,419) |
| Changes in assumptions | 117,282 | 0 | 321,171 | 0 | 0 |
| Benefit payments | (97,608) | (110,118) | (130,591) | (80,118) | (85,721) |
| Net change in total OPEB liability | \$ 13,313 | \$ (13,370) | \$ 336,887 | \$ (22,676) | \$ (28,324) |
| Total OPEB liability beginning of year | \$ 1,170,111 | \$ 1,183,481 | \$ 846,594 | \$ 869,270 | \$ 897,594 |
| Total OPEB liability end of year | \$ 1,183,424 | \$ 1,170,111 | \$ 1,183,481 | \$ 846,594 | \$ 869,270 |
| Covered payroll | \$ 16,229,135 | \$ 18,715,811 | \$ 18,126,693 | \$ 21,314,248 | \$ 20,963,676 |
| Total OPEB liability as a percentage of covered-employee payroll | 7.29% | 6.25% | 6.53% | 3.97% | 4.15% |

See accompanying independent auditor's report.

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 benefits terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2022 2.14%
Year ended June 30, 2021 3.50%
Year ended June 30, 2020 3.50%
Year ended June 30, 2019 3.72%
Year ended June 30, 2018 3.72%
Year ended June 30, 2017 4.50%

Information is not available for prior to 2018 due to the implementation of GASB 75.

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Supplementary Information

Nonmajor Governmental Funds

Special Revenue Funds Account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service of capital projects.

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

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

Schedule 1

**Newton Community School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2022**

| | Special Revenue | | |
|---|---------------------|---------------------|------------------|
| | Management Levy | Student Activity | Total |
| Assets | | | |
| Current assets: | | | |
| Cash, cash equivalents and pooled investments | \$ 1,672,232 | 605,740 | 2,277,972 |
| Receivables: | | | |
| Property tax: | | | |
| Current year | 12,990 | - | 12,990 |
| Succeeding year | 1,000,002 | - | 1,000,002 |
| Accounts | 12,307 | - | 12,307 |
| Due from other funds | 4,213 | - | 4,213 |
| Total assets | \$ 2,701,744 | 605,740 | 3,307,484 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Current liabilities: | | | |
| Accounts payable | \$ - | 42,229 | 42,229 |
| Total liabilities | - | 42,229 | 42,229 |
| Deferred inflows of resources: | | | |
| Unavailable revenues: | | | |
| Succeeding year property tax | 1,000,002 | - | 1,000,002 |
| Total deferred inflows of resources | 1,000,002 | - | 1,000,002 |
| Fund balances: | | | |
| Restricted for: | | | |
| Management levy purposes | 1,701,742 | - | 1,701,742 |
| Student activities | - | 563,511 | 563,511 |
| Total fund balances | 1,701,742 | 563,511 | 2,265,253 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 2,701,744 | 605,740 | 3,307,484 |

See accompanying independent auditor's report.

Schedule 2**Newton Community School District****Combining Schedule of Revenues, Expenditures and Changes in Fund Balances****Non-Major Governmental Funds****Year ended June 30, 2022**

| | Special Revenue | | |
|------------------------------------|--------------------|---------------------|-----------|
| | Management Levy | Student Activity | Total |
| Revenues: | | | |
| Local sources: | | | |
| Local tax | \$ 1,500,739 | - | 1,500,739 |
| Other | 23,965 | 597,000 | 620,965 |
| State sources | 25,671 | - | 25,671 |
| Total revenues | 1,550,375 | 597,000 | 2,147,375 |
| Expenditures: | | | |
| Current: | | | |
| Instruction | 112,514 | 539,319 | 651,833 |
| Support services: | | | |
| Student | 13,709 | - | 13,709 |
| Instructional staff | 3,950 | - | 3,950 |
| Administration | 15,716 | - | 15,716 |
| Operation and maintenance of plant | 428,726 | - | 428,726 |
| Transportation | 96,641 | 25,686 | 122,327 |
| Non-instructional programs | 4,591 | - | 4,591 |
| Total expenditures | 675,847 | 565,005 | 1,240,852 |
| Change in fund balances | 874,528 | 31,995 | 906,523 |
| Fund balances beginning of year | 827,214 | 531,516 | 1,358,730 |
| Fund balances end of year | \$ 1,701,742 | 563,511 | 2,265,253 |

See accompanying independent auditor's report.

Schedule 3

**Newton 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 | Total |
| Assets | | | |
| Current assets: | | | |
| Cash, cash equivalents and pooled investments | \$ 5,618,094 | 511,654 | 6,129,748 |
| Receivables: | | | |
| Property tax: | | | |
| Current year | - | 7,398 | 7,398 |
| Succeeding year | - | 970,136 | 970,136 |
| Due from other governments | 249,212 | - | 249,212 |
| Prepaid items | - | 25,877 | 25,877 |
| Total assets | \$ 5,867,306 | 1,515,065 | 7,382,371 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 116,302 | - | 116,302 |
| Total liabilities | 116,302 | - | 116,302 |
| Deferred inflows of resources: | | | |
| Unavailable revenues: | | | |
| Succeeding year property tax | - | 970,136 | 970,136 |
| Total deferred inflows of resources | - | 970,136 | 970,136 |
| Fund balances: | | | |
| Nonspendable | - | 25,877 | 25,877 |
| Restricted for: | | | |
| Revenue bond reserve | 562,000 | - | 562,000 |
| School infrastructure | 5,189,004 | - | 5,189,004 |
| Physical plant and equipment | - | 519,052 | 519,052 |
| Total fund balances | 5,751,004 | 544,929 | 6,295,933 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 5,867,306 | 1,515,065 | 7,382,371 |

See accompanying independent auditor's report.

Schedule 4**Newton Community School District****Combining Schedule of Revenues, Expenditures and Changes in Fund Balances****Capital Projects Fund Accounts****Year ended June 30, 2022**

| | Capital Projects | | |
|--------------------------------------|------------------|----------------|-----------|
| | Statewide | Physical Plant | |
| | Sales, Services | and Equipment | |
| | and Use Tax | Levy | Total |
| Revenues: | | | |
| Local sources: | | | |
| Local tax | \$ - | 903,866 | 903,866 |
| Other | 2,586 | 600 | 3,186 |
| State sources | 3,556,756 | 15,540 | 3,572,296 |
| Federal sources | 22,008 | - | 22,008 |
| Total revenues | 3,581,350 | 920,006 | 4,501,356 |
| Expenditures: | | | |
| Current: | | | |
| Instruction | 345,889 | 135,782 | 481,671 |
| Support services: | | | |
| Instructional staff | 342,259 | 338,582 | 680,841 |
| Administration | 458 | 544 | 1,002 |
| Operation and maintenance of plant | 78,019 | 91,392 | 169,411 |
| Transportation | 79,419 | 101,740 | 181,159 |
| Other expenditures: | | | |
| Facilities acquisition | 1,778,505 | 88,012 | 1,866,517 |
| Total expenditures | 2,624,549 | 756,052 | 3,380,601 |
| Excess of revenues over expenditures | 956,801 | 163,954 | 1,120,755 |
| Other financing sources (uses): | | | |
| Transfers in | 497,226 | - | 497,226 |
| Transfers out | (669,900) | (42,166) | (712,066) |
| Total other financing sources (uses) | (172,674) | (42,166) | (214,840) |
| Change in fund balances | 784,127 | 121,788 | 905,915 |
| Fund balances beginning of year | 4,966,877 | 423,141 | 5,390,018 |
| Fund balances end of year | \$ 5,751,004 | 544,929 | 6,295,933 |

See accompanying independent auditor's report.

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Schedule 5**Newton 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 | Balance End of Year |
|-----------------------------|------------------------------|----------|--------------|------------------------|
| Aurora Heights Elementary | \$ 1,604 | - | 384 | 1,220 |
| Emerson Hough Elementary | 2,592 | 1 | - | 2,593 |
| Woodrow Wilson Elementary | 847 | - | - | 847 |
| Thomas Jefferson Elementary | 9,398 | 3 | - | 9,401 |
| <u>Berg Middle School:</u> | | | | |
| Vocal Music | 4,254 | 1,219 | 917 | 4,556 |
| Band | 1,993 | 7,767 | 8,105 | 1,655 |
| Athletics | 2,023 | - | - | 2,023 |
| FFA | 240 | 6,245 | 2,579 | 3,906 |
| Yearbook | 3,342 | 1,498 | 796 | 4,044 |
| Other Clubs | 16,872 | 13,928 | 7,852 | 22,948 |
| <u>Newton High School:</u> | | | | |
| Athletics | 247,953 | 346,588 | 346,633 | 247,908 |
| Miscellaneous | 1,844 | 15 | 1,859 | - |
| Drama | 15,345 | 6,868 | 3,727 | 18,486 |
| Vocal Music | 3,041 | 1,435 | 3,308 | 1,168 |
| Band | 768 | 2,353 | 2,374 | 747 |
| Color Guard | 77 | 980 | - | 1,057 |
| Art Club | 8,679 | 164 | 91 | 8,752 |
| Concession | 18,262 | 76,425 | 49,620 | 45,067 |
| DECA | 9,085 | 3,168 | 2,936 | 9,317 |
| FFA | 114,439 | 79,750 | 71,275 | 122,914 |
| Community Service Club Day | 8,000 | 4,763 | 6,615 | 6,148 |
| Hero | 1,521 | 382 | 1,053 | 850 |
| Newtonia Yearbook | 30,856 | 11,950 | 35,509 | 7,297 |
| Fledge | - | 500 | 193 | 307 |
| Student Council | 15,582 | 11,443 | 3,676 | 23,349 |
| IT Club | 1,957 | 2,774 | 1,589 | 3,142 |
| Special Olympics Club | 5,450 | 8,060 | 7,835 | 5,675 |
| Cardinal TV | 250 | 1,758 | 895 | 1,113 |
| Key Club | 152 | - | 152 | - |
| Biology Club | 346 | 699 | 965 | 80 |
| Clothing Closet | 3,252 | 5,145 | 3,518 | 4,879 |
| Gay/Straight Alliance | 488 | - | - | 488 |
| Environmental Club | 422 | - | - | 422 |
| Feminism Club | 187 | - | - | 187 |
| FCA Club | 395 | 548 | 549 | 394 |
| HOSO Club | - | 571 | - | 571 |
| Total | \$ 531,516 | 597,000 | 565,005 | 563,511 |

See accompanying independent auditor's report.

Newton 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 |
| Revenues: | | | | | |
| Local sources: | | | | | |
| Local tax | \$ 14,900,315 | \$ 14,727,805 | \$ 13,557,906 | \$ 12,747,441 | \$ 12,361,889 |
| Tuition | 227,541 | 196,828 | 249,601 | 295,235 | 290,618 |
| Other | 1,033,635 | 776,308 | 957,412 | 1,335,679 | 1,543,826 |
| Intermediate sources | - | - | 260 | 330 | 3,404 |
| State sources | 26,577,256 | 25,400,106 | 25,279,696 | 25,336,380 | 23,375,171 |
| Federal sources | 3,932,812 | 2,982,598 | 1,501,892 | 1,241,407 | 1,053,612 |
| Total | \$ 46,671,559 | \$ 44,083,645 | \$ 41,546,767 | \$ 40,956,472 | \$ 38,628,520 |
| Expenditures: | | | | | |
| Instruction | \$ 24,021,702 | \$ 23,235,857 | \$ 22,726,910 | \$ 23,344,465 | \$ 22,152,961 |
| Support services: | | | | | |
| Student | 1,179,403 | 1,490,517 | 1,414,030 | 1,416,552 | 1,370,810 |
| Instructional staff | 3,375,447 | 2,808,800 | 2,609,511 | 2,301,606 | 2,349,045 |
| Administration | 3,977,058 | 3,846,304 | 3,799,615 | 3,558,571 | 3,591,407 |
| Operation and maintenance of plant | 4,240,078 | 3,767,129 | 3,629,660 | 3,208,350 | 3,172,634 |
| Transportation | 1,508,963 | 1,486,006 | 1,876,540 | 1,469,337 | 1,108,838 |
| Non-instructional programs | 8,777 | 4,378 | 5,141 | 3,126 | 3,527 |
| Other expenditures: | | | | | |
| Capital outlay: | | | | | |
| Facilities acquisition | 1,866,517 | 1,383,615 | 3,261,647 | 9,749,498 | 20,043,477 |
| Debt Service: | | | | | |
| Principal | 1,954,379 | 1,865,000 | 1,810,000 | 1,720,000 | 1,435,000 |
| Interest and other charges | 869,993 | 932,556 | 995,956 | 1,040,007 | 632,758 |
| AEA flowthrough | 1,372,711 | 1,354,782 | 1,320,425 | 1,302,127 | 1,232,784 |
| Total | \$ 44,375,028 | \$ 42,174,944 | \$ 43,449,435 | \$ 49,113,639 | \$ 57,093,241 |

See accompanying independent auditor's report.

| 2017 | 2016 | 2015 | 2014 | 2013 |
|------------|------------|------------|------------|------------|
| 11,931,275 | 11,485,702 | 10,949,670 | 10,979,150 | 14,095,860 |
| 218,739 | 180,051 | 227,024 | 318,013 | 334,221 |
| 1,089,032 | 920,488 | 845,095 | 858,707 | 923,067 |
| 12,389 | 565 | 969 | - | 6,600 |
| 23,191,801 | 21,735,408 | 21,898,965 | 21,142,652 | 17,718,218 |
| 1,076,666 | 1,001,505 | 994,299 | 1,090,656 | 1,337,988 |
| 37,519,902 | 35,323,719 | 34,916,022 | 34,389,178 | 34,415,954 |
| 21,117,572 | 20,980,271 | 20,400,924 | 20,743,655 | 21,223,653 |
| 1,365,468 | 1,205,896 | 1,209,626 | 1,203,097 | 1,117,402 |
| 2,539,441 | 1,596,855 | 1,517,051 | 1,295,450 | 1,788,079 |
| 3,506,550 | 3,227,280 | 3,329,081 | 3,392,671 | 3,168,410 |
| 3,165,493 | 3,104,407 | 3,048,058 | 3,139,808 | 3,010,371 |
| 1,233,408 | 1,061,957 | 1,245,390 | 1,260,483 | 1,232,293 |
| 4,747 | 4,729 | 5,679 | 20,661 | 5,946 |
| 3,763,511 | 3,488,651 | 808,928 | 568,977 | 1,303,792 |
| 2,055,000 | 1,275,000 | 2,945,000 | 1,175,000 | 1,120,000 |
| 347,588 | 103,011 | 181,813 | 214,123 | 250,120 |
| 1,190,282 | 1,189,469 | 1,189,763 | 1,154,066 | 1,114,015 |
| 40,289,060 | 37,237,526 | 35,881,313 | 34,167,991 | 35,334,081 |

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Newton Community School District

Statistical Section

(Unaudited)

This part of the Newton Community School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

| <u>Contents</u> | <u>Page</u> |
|---|-------------|
| Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. | 80-96 |
| Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax. | 97-100 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. | 101-106 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place. | 107-111 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. | 112-115 |

Schedule 1
Newton Community School District

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

| | Fiscal Year | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Governmental activities: | | | | | |
| Net investment in capital assets | \$ 31,667,513 | \$ 30,520,194 | \$ 32,932,091 | \$ 32,002,971 | \$ 32,843,246 |
| Restricted | 8,332,484 | 7,560,626 | 8,162,361 | 8,383,603 | 6,578,546 |
| Unrestricted | (4,847,925) | (11,315,336) | (12,438,089) | (12,657,816) | (13,620,916) |
| Total governmental activities net position | \$ 35,152,072 | \$ 26,765,484 | \$ 28,656,363 | \$ 27,728,758 | \$ 25,800,876 |
| Business-type activities: | | | | | |
| Net investment in capital assets | \$ 564,048 | \$ 652,310 | \$ 707,641 | \$ 779,802 | \$ 268,482 |
| Restricted | - | - | - | - | - |
| Unrestricted | 1,676,156 | 442,444 | 23,222 | (64,613) | (50,193) |
| Total business-type activities net position | \$ 2,240,204 | \$ 1,094,754 | \$ 730,863 | \$ 715,189 | \$ 218,289 |
| Primary government: | | | | | |
| Net investment in capital assets | \$ 32,231,561 | \$ 31,172,504 | \$ 33,639,732 | \$ 32,782,773 | \$ 33,111,728 |
| Restricted | 8,332,484 | 7,560,626 | 8,162,361 | 8,383,603 | 6,578,546 |
| Unrestricted | (3,171,769) | (10,872,892) | (12,414,867) | (12,722,429) | (13,671,109) |
| Total primary government net position | \$ 37,392,276 | \$ 27,860,238 | \$ 29,387,226 | \$ 28,443,947 | \$ 26,019,165 |

Source: School District financial records.

Notes: The District adopted GASB Statement No. 68 in fiscal year 2015. Although beginning net position on the basic financial statements was restated, this schedule has not been adjusted for years prior to 2015.
The District adopted GASB Statement No. 75 in fiscal year 2018. Although beginning net position on the basic financial statements was restated, this schedule has not been adjusted for years prior to 2018.

| Fiscal Year | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2017 | 2016 | 2015 | 2014 | 2013 |
| \$ 30,388,683 | \$ 28,328,906 | \$ 24,880,480 | \$ 24,029,735 | \$ 23,775,737 |
| 5,953,873 | 5,638,950 | 6,541,514 | 5,949,349 | 4,911,998 |
| (13,080,633) | (12,374,760) | (12,250,639) | 1,623,501 | 2,526,073 |
| <u>\$ 23,261,923</u> | <u>\$ 21,593,096</u> | <u>\$ 19,171,355</u> | <u>\$ 31,602,585</u> | <u>\$ 31,213,808</u> |
| | | | | |
| \$ 262,819 | \$ 290,378 | \$ 257,514 | \$ 292,685 | \$ 230,629 |
| - | - | - | - | - |
| 15,776 | 47,465 | 76,392 | 521,125 | 599,349 |
| <u>\$ 278,595</u> | <u>\$ 337,843</u> | <u>\$ 333,906</u> | <u>\$ 813,810</u> | <u>\$ 829,978</u> |
| | | | | |
| \$ 30,651,502 | \$ 28,619,284 | \$ 25,137,994 | \$ 24,322,420 | \$ 24,006,366 |
| 5,953,873 | 5,638,950 | 6,541,514 | 5,949,349 | 4,911,998 |
| (13,064,857) | (12,327,295) | (12,174,247) | 2,144,626 | 3,125,422 |
| <u>\$ 23,540,518</u> | <u>\$ 21,930,939</u> | <u>\$ 19,505,261</u> | <u>\$ 32,416,395</u> | <u>\$ 32,043,786</u> |

Schedule 2
Newton Community School District

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Expenses: | | | | | |
| Governmental activities: | | | | | |
| Instruction | \$ 19,373,051 | \$ 25,123,125 | \$ 23,372,936 | \$ 23,696,697 | \$ 22,735,545 |
| Student services | 1,179,403 | 1,490,517 | 1,414,969 | 1,417,491 | 1,396,249 |
| Instructional staff services | 3,371,604 | 2,811,130 | 2,609,511 | 2,301,606 | 2,241,209 |
| Administration services | 4,007,995 | 3,860,126 | 3,799,615 | 3,558,571 | 3,577,521 |
| Operation and maintenance of plant | 6,687,713 | 8,129,014 | 5,256,517 | 4,264,837 | 3,119,339 |
| Pupil transportation services | 1,555,125 | 1,191,456 | 1,984,442 | 1,394,681 | 1,276,113 |
| Non-instructional programs | 8,777 | 4,378 | 5,141 | 3,126 | 3,527 |
| Facilities acquisition | - | - | - | - | - |
| Interest on long-term debt | 785,693 | 848,397 | 990,673 | 613,831 | 627,891 |
| AEA flowthrough | 1,372,711 | 1,354,782 | 1,320,425 | 1,302,127 | 1,232,784 |
| Depreciation (unallocated) | - | - | - | - | 1,097,166 |
| Total governmental activities expenses | 38,342,072 | 44,812,925 | 40,754,229 | 38,552,967 | 37,307,344 |
| Business-type activities: | | | | | |
| Nutrition services | 1,296,960 | 1,863,338 | 1,655,396 | 1,743,953 | 1,713,383 |
| Total business-type activities expenses | 1,296,960 | 1,863,338 | 1,655,396 | 1,743,953 | 1,713,383 |
| Total primary government expenses | \$ 39,639,032 | \$ 46,676,263 | \$ 42,409,625 | \$ 40,296,920 | \$ 39,020,727 |
| Program revenues: | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| Instruction | \$ 922,742 | \$ 797,364 | \$ 814,515 | \$ 1,066,606 | \$ 1,125,896 |
| Support services | 42,023 | 19,729 | 37,521 | 54,432 | 53,088 |
| Operating grants and contributions | 8,786,623 | 7,741,002 | 6,154,161 | 5,853,361 | 5,472,801 |
| Capital grants and contributions | 80,087 | - | - | - | - |
| Total governmental activities program revenues | 9,831,475 | 8,558,095 | 7,006,197 | 6,974,399 | 6,651,785 |

(Continued on the following page.)

| Fiscal Year | | | | |
|---------------|---------------|---------------|---------------|---------------|
| 2017 | 2016 | 2015 | 2014 | 2013 |
| \$ 21,162,668 | \$ 20,916,334 | \$ 20,038,808 | \$ 20,816,259 | \$ 21,496,892 |
| 1,365,501 | 1,184,115 | 1,198,470 | 1,210,551 | 1,141,645 |
| 2,495,663 | 1,513,817 | 1,476,995 | 1,379,228 | 1,506,095 |
| 3,458,968 | 3,141,442 | 3,330,067 | 3,455,184 | 3,182,051 |
| 3,086,315 | 2,869,002 | 2,934,703 | 3,324,452 | 2,991,816 |
| 1,212,545 | 1,183,716 | 1,179,156 | 1,197,641 | 1,192,949 |
| 4,747 | 4,729 | 5,679 | 20,661 | 5,946 |
| 1,185,712 | 107,687 | 117,851 | - | - |
| 455,955 | 99,299 | 175,715 | 210,952 | 247,120 |
| 1,190,282 | 1,189,469 | 1,189,763 | 1,154,066 | 1,114,015 |
| 1,030,430 | 959,248 | 937,935 | 924,699 | 920,684 |
| 36,648,786 | 33,168,858 | 32,585,142 | 33,693,693 | 33,799,213 |
| 1,741,671 | 1,565,943 | 1,566,874 | 1,583,616 | 1,436,545 |
| 1,741,671 | 1,565,943 | 1,566,874 | 1,583,616 | 1,436,545 |
| \$ 38,390,457 | \$ 34,734,801 | \$ 34,152,016 | \$ 35,277,309 | \$ 35,235,758 |
| \$ 973,935 | \$ 818,684 | \$ 843,409 | \$ 999,870 | \$ 956,370 |
| 57,667 | 50,634 | 40,668 | 16,231 | 17,026 |
| 5,373,945 | 4,371,368 | 4,353,910 | 2,527,063 | 2,627,811 |
| - | - | - | 65,796 | 219,156 |
| 6,405,547 | 5,240,686 | 5,237,987 | 3,608,960 | 3,820,363 |

Schedule 2
Newton Community School District

Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

| | Fiscal Year | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Nutrition | 110,065 | 87,594 | 411,148 | 521,850 | 549,405 |
| Operating grants and contributions | 2,371,406 | 1,777,745 | 1,308,118 | 1,216,923 | 1,156,325 |
| Capital grants and contributions | - | - | - | - | - |
| Total business-type program revenues | 2,481,471 | 1,865,339 | 1,719,266 | 1,738,773 | 1,705,730 |
| Total primary government program revenues | \$ 12,312,946 | \$ 10,423,434 | \$ 8,725,463 | \$ 8,713,172 | \$ 8,357,515 |
| Net (expense) revenue: | | | | | |
| Governmental activities | \$ (28,510,597) | \$ (36,254,830) | \$ (33,748,032) | \$ (31,578,568) | \$ (30,655,559) |
| Business-type activities | 1,184,511 | 2,001 | 63,870 | (5,180) | (7,653) |
| Total primary government net expense | \$ (27,326,086) | \$ (36,252,829) | \$ (33,684,162) | \$ (31,583,748) | \$ (30,663,212) |

(Continued on the following page.)

| Fiscal Year | | | | |
|------------------------|------------------------|------------------------|------------------------|------------------------|
| 2017 | 2016 | 2015 | 2014 | 2013 |
| 581,707 | 566,954 | 548,425 | 554,107 | 569,579 |
| 1,099,738 | 1,002,737 | 982,416 | 997,905 | 868,640 |
| - | - | - | - | - |
| 1,681,445 | 1,569,691 | 1,530,841 | 1,552,012 | 1,438,219 |
| <u>\$ 8,086,992</u> | <u>\$ 6,810,377</u> | <u>\$ 6,768,828</u> | <u>\$ 5,160,972</u> | <u>\$ 5,258,582</u> |
| \$ (30,243,239) | \$ (27,928,172) | \$ (27,347,155) | \$ (30,084,733) | \$ (29,978,850) |
| (60,226) | 3,748 | (36,033) | (31,604) | 1,674 |
| <u>\$ (30,303,465)</u> | <u>\$ (27,924,424)</u> | <u>\$ (27,383,188)</u> | <u>\$ (30,116,337)</u> | <u>\$ (29,977,176)</u> |

Schedule 2
Newton Community School District

Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

| | Fiscal Year | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Net (expense) revenue: | | | | | |
| Governmental activities | \$ (28,510,597) | \$ (36,254,830) | \$ (33,748,032) | \$ (31,578,568) | \$ (30,655,559) |
| Business-type activities | 1,184,511 | 2,001 | 63,870 | (5,180) | (7,653) |
| Total primary government net expense | (27,326,086) | (36,252,829) | (33,684,162) | (31,583,748) | (30,663,212) |
| General revenues and other changes in net position: | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property taxes levied for general purposes | 10,776,845 | 10,655,647 | 9,686,452 | 9,065,965 | 9,110,110 |
| Property taxes levied for debt service | 2,151,992 | 2,118,930 | 2,139,442 | 2,165,288 | 2,164,754 |
| Property taxes levied for capital outlay | 919,406 | 903,715 | 562,693 | 537,334 | 537,399 |
| Income surtax | 1,294,356 | 1,336,607 | 1,372,255 | 1,255,358 | 1,158,305 |
| Sales tax | 3,556,756 | 2,992,773 | 3,142,609 | 3,147,509 | 2,761,422 |
| Unrestricted grants and contributions | 17,978,524 | 17,475,416 | 17,432,196 | 17,373,523 | 16,012,912 |
| Miscellaneous | 168,943 | 94,229 | 157,062 | 126,567 | 288,477 |
| Investment earnings | 12,370 | 8,278 | 130,183 | 331,271 | 251,587 |
| Transfers | 39,814 | (361,520) | 52,745 | (496,365) | 37,212 |
| Total governmental activities | 36,899,006 | 35,224,075 | 34,675,637 | 33,506,450 | 32,322,178 |
| Business-type activities: | | | | | |
| Miscellaneous | - | - | - | - | - |
| Investment earnings | 753 | 370 | 4,549 | 5,715 | 3,363 |
| Transfers | (39,814) | 361,520 | (52,745) | 496,365 | (37,212) |
| Total business-type activities | (39,061) | 361,890 | (48,196) | 502,080 | (33,849) |
| Total primary government | 36,859,945 | 35,585,965 | 34,627,441 | 34,008,530 | 32,288,329 |
| Change in net position: | | | | | |
| Governmental activities | 8,388,409 | (1,030,755) | 927,605 | 1,927,882 | 1,666,619 |
| Business-type activities | 1,145,450 | 363,891 | 15,674 | 496,900 | (41,502) |
| Total primary government | \$ 9,533,859 | \$ (666,864) | \$ 943,279 | \$ 2,424,782 | \$ 1,625,117 |

Source: School District financial records.

| Fiscal Year | | | | |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| 2017 | 2016 | 2015 | 2014 | 2013 |
| \$ (30,243,239) | \$ (27,928,172) | \$ (27,347,155) | \$ (30,084,733) | \$ (29,978,850) |
| (60,226) | 3,748 | (36,033) | (31,604) | 1,674 |
| (30,303,465) | (27,924,424) | (27,383,188) | (30,116,337) | (29,977,176) |
| 8,999,657 | 9,257,281 | 9,695,554 | 9,666,545 | 10,296,934 |
| 1,875,270 | 1,239,699 | - | - | - |
| 525,523 | 807,972 | 798,911 | 809,099 | 788,263 |
| 839,647 | 749,921 | 518,187 | 514,174 | 427,544 |
| 2,689,141 | 2,825,405 | 2,966,000 | 2,634,919 | 2,563,842 |
| 15,964,064 | 15,318,147 | 15,617,051 | 16,688,154 | 16,297,685 |
| 977,764 | 143,723 | 134,839 | 157,960 | 201,295 |
| 41,000 | 7,765 | 4,163 | 2,659 | 751 |
| - | - | - | - | - |
| 31,912,066 | 30,349,913 | 29,734,705 | 30,473,510 | 30,576,314 |
| - | - | - | 15,375 | 12,235 |
| 978 | 189 | 50 | 61 | 227 |
| - | - | - | - | - |
| 978 | 189 | 50 | 15,436 | 12,462 |
| 31,913,044 | 30,350,102 | 29,734,755 | 30,488,946 | 30,588,776 |
| 1,668,827 | 2,421,741 | 2,387,550 | 388,777 | 597,464 |
| (59,248) | 3,937 | (35,983) | (16,168) | 14,136 |
| \$ 1,609,579 | \$ 2,425,678 | \$ 2,351,567 | \$ 372,609 | \$ 611,600 |

Schedule 3
Newton Community School District

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

| | Fiscal Year | | | | |
|---|---------------------|---------------------|---------------------|---------------------|----------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| General Fund: | | | | | |
| Nonspendable | \$ - | \$ - | \$ 292 | \$ - | \$ - |
| Restricted | 535,170 | 622,545 | 689,552 | 916,508 | 795,679 |
| Unassigned | 4,794,834 | 4,205,363 | 1,381,275 | 846,789 | (81,570) |
| Total General Fund | \$ 5,330,004 | \$ 4,827,908 | \$ 2,071,119 | \$ 1,763,297 | \$ 714,109 |
| All other governmental funds: | | | | | |
| Restricted | | | | | |
| Debt service funds | 328,680 | 294,851 | 291,734 | 261,740 | 198,690 |
| Capital projects funds | 6,295,933 | 5,390,018 | 6,010,457 | 8,047,800 | 11,202,445 |
| Special revenue funds | 2,265,253 | 1,358,730 | 1,248,331 | 1,326,347 | 1,140,680 |
| Total all other governmental funds | \$ 8,889,866 | \$ 7,043,599 | \$ 7,550,522 | \$ 9,635,887 | \$ 12,541,815 |

Source: School District financial records.

| Fiscal Year | | | | |
|---------------|--------------|--------------|--------------|--------------|
| 2017 | 2016 | 2015 | 2014 | 2013 |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| 624,603 | 603,983 | 918,665 | 902,467 | 677,062 |
| 500,639 | 1,231,806 | 2,177,650 | 1,999,008 | 2,727,831 |
| \$ 1,125,242 | \$ 1,835,789 | \$ 3,096,315 | \$ 2,901,475 | \$ 3,404,893 |
| | | | | |
| 83,333 | (2,950) | 135,316 | 118,750 | 226,054 |
| 21,484,065 | 3,601,345 | 4,228,743 | 3,333,071 | 2,524,515 |
| 1,329,926 | 1,379,622 | 1,267,239 | 1,609,608 | 1,502,085 |
| \$ 22,897,324 | \$ 4,978,017 | \$ 5,631,298 | \$ 5,061,429 | \$ 4,252,654 |

Schedule 4
Newton Community School District

Governmental Funds Revenues
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

| | Fiscal Year | | | | |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Federal sources: | | | | | |
| Federal sources | \$ 3,932,812 | \$ 2,982,598 | \$ 1,501,892 | \$ 1,241,407 | \$ 1,053,612 |
| Total federal sources | 3,932,812 | 2,982,598 | 1,501,892 | 1,241,407 | 1,053,612 |
| State sources: | | | | | |
| State sources | \$ 26,577,256 | \$ 25,400,106 | \$ 25,279,696 | \$ 25,336,380 | \$ 23,375,171 |
| Total state sources | 26,577,256 | 25,400,106 | 25,279,696 | 25,336,380 | 23,375,171 |
| Intermediate sources: | | | | | |
| Intermediate sources | \$ - | \$ - | \$ 260 | \$ 330 | \$ 3,404 |
| Total intermediate sources | - | - | 260 | 330 | 3,404 |
| Local sources: | | | | | |
| Local taxes | \$ 14,900,315 | \$ 14,727,805 | \$ 13,557,906 | \$ 12,747,441 | \$ 12,361,889 |
| Tuition | 227,541 | 196,828 | 249,601 | 295,235 | 290,618 |
| Other revenues | 1,033,635 | 776,308 | 957,412 | 1,335,679 | 1,543,826 |
| Total local sources | 16,161,491 | 15,700,941 | 14,764,919 | 14,378,355 | 14,196,333 |
| Total revenues | \$ 46,671,559 | \$ 44,083,645 | \$ 41,546,767 | \$ 40,956,472 | \$ 38,628,520 |

Source: School District financial records.

| Fiscal Year | | | | |
|---------------|---------------|---------------|---------------|---------------|
| 2017 | 2016 | 2015 | 2014 | 2013 |
| \$ 1,076,666 | \$ 1,001,505 | \$ 994,299 | \$ 1,090,656 | \$ 1,337,988 |
| 1,076,666 | 1,001,505 | 994,299 | 1,090,656 | 1,337,988 |
| | | | | |
| \$ 23,191,801 | \$ 21,735,408 | \$ 21,898,965 | \$ 21,142,652 | \$ 17,718,218 |
| 23,191,801 | 21,735,408 | 21,898,965 | 21,142,652 | 17,718,218 |
| | | | | |
| \$ 12,389 | \$ 565 | \$ 969 | \$ - | \$ 6,600 |
| 12,389 | 565 | 969 | - | 6,600 |
| | | | | |
| \$ 11,931,275 | \$ 11,485,702 | \$ 10,949,670 | \$ 10,979,150 | \$ 14,095,860 |
| 218,739 | 180,051 | 227,024 | 318,013 | 334,221 |
| 1,089,032 | 920,488 | 845,095 | 858,707 | 923,067 |
| 13,239,046 | 12,586,241 | 12,021,789 | 12,155,870 | 15,353,148 |
| | | | | |
| \$ 37,519,902 | \$ 35,323,719 | \$ 34,916,022 | \$ 34,389,178 | \$ 34,415,954 |

Schedule 5
Newton Community School District

Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Instruction | \$ 24,021,702 | \$ 23,235,857 | \$ 22,726,910 | \$ 23,344,465 | \$ 22,152,961 |
| Student services | 1,179,403 | 1,490,517 | 1,414,030 | 1,416,552 | 1,370,810 |
| Instructional staff services | 3,375,447 | 2,808,800 | 2,609,511 | 2,301,606 | 2,349,045 |
| Administration services | 3,977,058 | 3,846,304 | 3,799,615 | 3,558,571 | 3,591,407 |
| Operation and maintenance of plant services | 4,240,078 | 3,767,129 | 3,629,660 | 3,208,350 | 3,172,634 |
| Pupil transportation services | 1,508,963 | 1,486,006 | 1,876,540 | 1,469,337 | 1,108,838 |
| Other support services | - | - | - | - | - |
| Non-instructional programs | 8,777 | 4,378 | 5,141 | 3,126 | 3,527 |
| AEA Flowthrough | 1,372,711 | 1,354,782 | 1,320,425 | 1,302,127 | 1,232,784 |
| Capital outlay: | | | | | |
| Facilities acquisition | 1,866,517 | 1,383,615 | 3,261,647 | 9,749,498 | 20,043,477 |
| Debt service: | | | | | |
| Principal | 1,954,379 | 1,865,000 | 1,810,000 | 1,720,000 | 1,435,000 |
| Interest | 869,993 | 932,556 | 995,956 | 1,040,007 | 632,758 |
| Total expenditures | \$ 44,375,028 | \$ 42,174,944 | \$ 43,449,435 | \$ 49,113,639 | \$ 57,093,241 |
| Debt service as a percentage of noncapital expenditures | 6.68% | 7.01% | 7.05% | 7.09% | 5.67% |

Source: School District financial records.

| Fiscal Year | | | | |
|---------------|---------------|---------------|---------------|---------------|
| 2017 | 2016 | 2015 | 2014 | 2013 |
| \$ 21,117,572 | \$ 20,980,271 | \$ 20,400,924 | \$ 20,743,655 | \$ 21,223,653 |
| 1,365,468 | 1,205,896 | 1,209,626 | 1,203,097 | 1,117,402 |
| 2,539,441 | 1,596,855 | 1,517,051 | 1,295,450 | 1,788,079 |
| 3,506,550 | 3,227,280 | 3,329,081 | 3,392,671 | 3,168,410 |
| 3,165,493 | 3,104,407 | 3,048,058 | 3,139,808 | 3,010,371 |
| 1,233,408 | 1,061,957 | 1,245,390 | 1,260,483 | 1,232,293 |
| - | - | - | - | - |
| 4,747 | 4,729 | 5,679 | 20,661 | 5,946 |
| 1,190,282 | 1,189,469 | 1,189,763 | 1,154,066 | 1,114,015 |
| 3,763,511 | 3,488,651 | 808,928 | 568,977 | 1,303,792 |
| 2,055,000 | 1,275,000 | 2,945,000 | 1,175,000 | 1,120,000 |
| 347,588 | 103,011 | 181,813 | 214,123 | 250,120 |
| \$ 40,289,060 | \$ 37,237,526 | \$ 35,881,313 | \$ 34,167,991 | \$ 35,334,081 |
| 6.34% | 3.84% | 9.55% | 4.24% | 4.03% |

Schedule 6
Newton Community School District

**Other Financing Sources and Uses and Net Change in Fund Balances,
Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

| | Fiscal Year | | | | |
|--|---------------------|---------------------|-----------------------|-----------------------|------------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Excess (deficiency) of revenues over (under) expenditures | \$ 2,296,531 | \$ 1,908,701 | \$ (1,902,668) | \$ (8,157,167) | \$ (18,464,721) |
| Other financing sources (uses): | | | | | |
| Issuance of general obligation bonds | - | - | - | 5,620,000 | 7,690,000 |
| Premium on the issuance of debt | - | - | - | 533,491 | 100,951 |
| Discount on the issuance of debt | - | - | - | (103,423) | (130,084) |
| Sale of capital assets | 8,840 | 5,793 | 3,181 | 1,073 | - |
| Compensation for loss of capital assets | - | 298,089 | 69,199 | 200,529 | - |
| Transfers in | 1,210,118 | 1,137,715 | 743,895 | 6,175,290 | 52,918 |
| Transfers out | (1,167,126) | (1,100,432) | (691,150) | (6,126,533) | (15,706) |
| Total other financing sources (uses) | 51,832 | 341,165 | 125,125 | 6,300,427 | 7,698,079 |
| Net change in fund balances | \$ 2,348,363 | \$ 2,249,866 | \$ (1,777,543) | \$ (1,856,740) | \$ (10,766,642) |

Source: School District financial records.

| Fiscal Year | | | | |
|----------------|----------------|--------------|-------------|--------------|
| 2017 | 2016 | 2015 | 2014 | 2013 |
| \$ (2,769,158) | \$ (1,913,807) | \$ (965,291) | \$ 221,187 | \$ (918,127) |
| 19,210,000 | - | 1,730,000 | - | - |
| 767,918 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | 1,525 | - |
| - | - | - | 26,021 | 935 |
| 474,960 | - | 1,441,293 | 1,281,811 | 1,494,231 |
| (474,960) | - | (1,441,293) | (1,281,811) | (1,494,231) |
| 19,977,918 | - | 1,730,000 | 27,546 | 935 |
| \$ 17,208,760 | \$ (1,913,807) | \$ 764,709 | \$ 248,733 | \$ (917,192) |

Schedule 7
Newton Community School District

Financial Solvency Ratio
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | Unassigned General Fund Balance | Actual Revenues | Financial Solvency Ratio* |
|-------------|------------------------------------|--------------------|---------------------------------|
| 2022 | \$4,794,834 | \$37,869,993 | 12.66% |
| 2021 | 4,205,363 | 37,005,779 | 11.36% |
| 2020 | 1,381,275 | 34,598,943 | 3.99% |
| 2019 | 846,789 | 33,658,189 | 2.52% |
| 2018 | (81,570) | 31,621,452 | -0.26% |
| 2017 | 500,639 | 31,169,317 | 1.61% |
| 2016 | 1,231,806 | 29,375,074 | 4.19% |
| 2015 | 2,177,650 | 30,507,901 | 7.14% |
| 2014 | 1,999,008 | 29,611,373 | 6.75% |
| 2013 | 2,727,831 | 29,590,187 | 9.22% |

Source: School District financial records.

Notes: * = (Unassigned General Fund Balance) / (Actual Revenues)

Target Solvency Position = Between 5.0 and 15.0 Percent
 Acceptable Solvency Position = Between 0.0 and 4.99 Percent
 Solvency Alert = Between -3.0 and 0.0 Percent
 Solvency Concern = Below -3.0 Percent

Schedule 8
Newton Community School District

Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

(Unaudited)

| Fiscal Year | Actual Value | | | Less Exemptions | Total Taxable Value | Total Direct Rate (a) |
|----------------|-------------------------|------------------------|-------------------|--------------------|------------------------|--------------------------|
| | Residential Property | Commercial Property | Other Property | | | |
| 2022 | \$ 529,531,293 | \$ 134,380,305 | \$ 253,520,845 | \$ 1,609,388 | \$ 915,823,055 | \$15.79199 |
| 2021 | 512,969,522 | 129,070,791 | 248,888,451 | 1,779,772 | 889,148,992 | 15.79594 |
| 2020 | 467,869,319 | 125,180,703 | 222,544,749 | 1,779,772 | 813,814,999 | 15.79274 |
| 2019 | 451,010,972 | 126,681,291 | 208,689,376 | 1,877,928 | 784,503,711 | 15.78622 |
| 2018 | 459,445,470 | 124,691,085 | 200,905,787 | 1,974,232 | 783,068,110 | 15.80758 |
| 2017 | 447,100,939 | 126,120,636 | 194,754,749 | 2,064,980 | 765,911,344 | 15.81033 |
| 2016 | 446,176,742 | 172,401,678 | 168,223,212 | 2,205,732 | 784,595,900 | 15.57540 |
| 2015 | 435,559,971 | 183,218,740 | 169,249,069 | 2,251,576 | 785,776,204 | 14.72318 |
| 2014 | 439,260,230 | 198,059,240 | 173,056,806 | 2,372,412 | 808,003,864 | 14.65884 |
| 2013 | 421,536,460 | 201,793,090 | 169,872,727 | 2,344,121 | 790,858,156 | 15.96319 |

Source: Jasper County Auditor.

Notes: Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. Assessed value equals estimated actual value.

(a) Per \$1,000 of assessed value.

Schedule 9
Newton Community School District

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)
(Unaudited)

| Fiscal Year Ended June 30 | District Direct Rates | | | | | Overlapping Rates | | | | | |
|------------------------------------|-----------------------|---------------------|-----------------|------------|------------|-------------------|------------------|--------------------|-----------------|-----------|------------------|
| | General Purposes | Capital Purposes | Debt Service | Management | Total | City of Newton | Jasper County | County Assessor | Ag Extension | DMACC | State of Iowa |
| 2022 | \$10.74840 | \$1.00000 | \$2.26810 | \$1.77549 | \$15.79199 | \$17.14000 | \$7.55742 | \$0.23883 | \$0.16551 | \$0.67789 | \$0.00270 |
| 2021 | 11.85667 | 1.00000 | 2.27861 | 0.66066 | 15.79594 | 17.14000 | 7.84530 | 0.30697 | 0.17489 | 0.63533 | 0.00270 |
| 2020 | 11.91765 | 0.67000 | 2.54744 | 0.65765 | 15.79274 | 17.14000 | 8.25697 | 0.40028 | 0.17674 | 0.65249 | 0.00280 |
| 2019 | 11.71477 | 0.67000 | 2.69989 | 0.70156 | 15.78622 | 17.14000 | 8.25697 | 0.36790 | 0.18527 | 0.69468 | 0.00290 |
| 2018 | 11.77316 | 0.67000 | 2.69890 | 0.66552 | 15.80758 | 17.14000 | 8.25697 | 0.40053 | 0.16972 | 0.67458 | 0.00310 |
| 2017 | 11.83851 | 0.67000 | 2.62151 | 0.68031 | 15.81033 | 17.15000 | 8.25697 | 0.28232 | 0.17427 | 0.72334 | 0.00330 |
| 2016 | 12.19891 | 1.00000 | 1.73173 | 0.64476 | 15.57540 | 16.20000 | 7.84586 | 0.22547 | 0.17615 | 0.67574 | 0.00330 |
| 2015 | 13.57795 | 1.00000 | 0.00000 | 0.14523 | 14.72318 | 15.80910 | 7.64149 | 0.28000 | 0.18547 | 0.65724 | 0.00330 |
| 2014 | 12.65669 | 1.00000 | 0.00000 | 1.00215 | 14.65884 | 15.14672 | 7.23569 | 0.38873 | 0.15931 | 0.69120 | 0.00330 |
| 2013 | 13.88101 | 1.00000 | 0.00000 | 1.08218 | 15.96319 | 14.99630 | 7.66830 | 0.39701 | 0.16027 | 0.58466 | 0.00330 |

Source: Jasper County Auditor and Iowa Department of Management

Notes: Assessed value equals estimated actual value.

NA - not available

Schedule 10
Newton Community School District

Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

| Taxpayer | 2022 | | | 2013 | | |
|-----------------------------------|-----------------------------|------|-----------------------------------|------------------------------|------|-----------------------------------|
| | Taxable Value | Rank | Percentage of Total Taxable Value | Taxable Value | Rank | Percentage of Total Taxable Value |
| Iowa Speedway LLC | \$ 22,500,000 | 1 | 2.53% | \$ 38,008,057 | 1 | 5.02% |
| ILPT Newton Iowa LLC | 14,407,730 | 2 | 1.62% | 13,140,325 | 3 | 1.73% |
| Phoenix Newton LLC | 13,996,980 | 3 | 1.57% | 13,219,261 | 2 | 1.74% |
| Wesley Retirement Services Inc | 10,280,910 | 4 | 1.16% | 6,451,961 | 5 | 0.85% |
| Newton Village, Inc | 8,041,980 | 5 | 0.90% | 3,593,041 | 10 | 0.47% |
| Wal-Mart Real Estate Business | 7,241,210 | 6 | 0.81% | 6,353,201 | 6 | 0.84% |
| Hy-Vee Inc | 5,773,620 | 7 | 0.65% | - | | - |
| Heartland Property Coop | 5,742,430 | 8 | 0.65% | - | | - |
| EPC LLC | 5,651,760 | 9 | 0.64% | 3,971,536 | 9 | 0.52% |
| Van Maanen Land LLC | 5,260,070 | 10 | 0.59% | - | | 0.00% |
| Interstate Power & Light Co | - | - | - | 12,741,700 | 4 | 1.68% |
| REG Newton LLC | - | - | - | 5,370,749 | 7 | 0.71% |
| Des Moines Area Community College | - | - | - | 4,292,433 | 8 | 0.57% |
| Total | <u><u>\$ 98,896,690</u></u> | | <u><u>11.12%</u></u> | <u><u>\$ 107,142,264</u></u> | | <u><u>14.14%</u></u> |

Source: Jasper County Auditor.

Schedule 11
Newton Community School District

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | Taxes Levied for the Fiscal Year | | Collected Within the Fiscal Year of the Levy | | Collections In Subsequent Years | Total Collections to Date | |
|-------------|----------------------------------|------------|--|--------------------|---------------------------------|---------------------------|--------------------|
| | | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2022 | \$ | 13,637,437 | \$ 13,601,687 | 99.74% | NA | \$ 13,601,687 | 99.74% |
| 2021 | | 13,403,167 | 13,444,913 | 100.31% | NA | 13,444,913 | 100.31% |
| 2020 | | 12,243,302 | 12,242,458 | 99.99% | NA | 12,242,458 | 99.99% |
| 2019 | | 11,506,080 | 11,500,424 | 99.95% | NA | 11,500,424 | 99.95% |
| 2018 | | 11,530,715 | 11,754,052 | 101.94% | NA | 11,754,052 | 101.94% |
| 2017 | | 11,270,883 | 11,108,286 | 98.56% | NA | 11,108,286 | 98.56% |
| 2016 | | 11,294,867 | 10,989,990 | 97.30% | NA | 10,989,990 | 97.30% |
| 2015 | | 10,228,926 | 10,478,891 | 102.44% | NA | 10,478,891 | 102.44% |
| 2014 | | 10,772,328 | 10,463,416 | 97.13% | NA | 10,463,416 | 97.13% |
| 2013 | | 11,057,592 | 11,071,398 | 100.12% | NA | 11,071,398 | 100.12% |

Source: School District financial records and Jasper County Auditor.

Notes: Delinquent taxes were included in collected amounts. We will work with Jasper County Auditor to track delinquent taxes going forward

Schedule 12
Newton Community School District

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

(Unaudited)

| Fiscal Year | General Obligation Bonds | Less: Amounts Available in Debt Service Fund | Total | Percent of Actual Taxable Value of Property (a) | Per Capita (b) |
|-------------|-----------------------------|---|---------------|---|----------------|
| 2022 | \$ 20,595,000 | 294,851 | \$ 20,300,149 | 2.28% | \$1,350 |
| 2021 | 22,540,000 | 294,851 | 22,245,149 | 2.50% | 1,480 |
| 2020 | 23,425,000 | 291,734 | 23,133,266 | 2.84% | 1,539 |
| 2019 | 24,780,000 | 261,740 | 24,518,260 | 3.13% | 1,631 |
| 2018 | 26,055,000 | 198,690 | 25,856,310 | 3.30% | 1,720 |
| 2017 | 19,800,000 | 83,333 | 19,716,667 | 2.57% | 1,311 |
| 2016 | 2,645,000 | (2,950) | 2,647,950 | 0.34% | 174 |
| 2015 | 3,920,000 | 135,316 | 3,784,684 | 0.48% | 248 |
| 2014 | 5,135,000 | 118,750 | 5,016,250 | 0.62% | 329 |
| 2013 | 6,310,000 | 226,054 | 6,083,946 | 0.77% | 399 |

Source: School District financial records and Jasper County Auditor.

Notes:

- (a) Actual taxable value of property includes Tax Increment Financing valuation. Assessed value equals estimated actual value.
 See Schedule 8 (page 95) for actual taxable value of property.
- (b) See Schedule 17 (page 105) for population data.

Schedule 13
Newton Community School District

Outstanding Debt by Type
Last Ten Fiscal Years

(Unaudited)

| Fiscal Year | Governmental Activities | | | Total Primary Government | Percentage of Personal Income (a) | Per Capita (a) |
|----------------|-----------------------------|------------------|---------------------|--------------------------------|---|----------------|
| | General Obligation Bonds | Revenue Bonds | Lease Agreements | | | |
| 2022 | \$ 20,595,000 | \$ 3,770,000 | 112,609 | \$ 24,477,609 | N/A | \$ 1,628 |
| 2021 | 22,030,000 | 4,250,000 | 151,988 | 26,431,988 | 5.49% | 1,758 |
| 2020 | 23,425,000 | 4,720,000 | 190,557 | 28,335,557 | 5.91% | 1,885 |
| 2019 | 24,780,000 | 5,175,000 | - | 29,955,000 | 6.66% | 1,992 |
| 2018 | 26,055,000 | - | - | 26,055,000 | 5.87% | 1,733 |
| 2017 | 19,800,000 | - | - | 19,800,000 | 4.66% | 1,317 |
| 2016 | 2,645,000 | - | - | 2,645,000 | 0.63% | 173 |
| 2015 | 3,920,000 | - | - | 3,920,000 | 0.95% | 257 |
| 2014 | 5,135,000 | - | - | 5,135,000 | 1.26% | 337 |
| 2013 | 6,310,000 | - | - | 6,310,000 | 1.50% | 414 |

Source: School District financial records.

Notes: N/A = not available. Details of the District's outstanding debt can be found in Note 7 in the notes to the financial statements.

(a) See Schedule 17 (page 105) for personal income and population data. These ratios are calculated using personal income and population for the prior year calendar year.

Schedule 14
Newton Community School District

Direct and Overlapping Governmental Activities Debt
As of June 30, 2022

(Unaudited)

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable (a) | Estimated Share of Direct and Overlapping Debt |
|--|---------------------|---|--|
| Jasper County | \$ 6,437,081 | 49.07% | \$ 3,158,676 |
| City of Kellogg | 376,614 | 100.00% | 376,614 |
| City of Newton | 38,071,752 | 100.00% | 38,071,752 |
| City of Lambs Grove | 562,000 | 100.00% | 562,000 |
| Des Moines Area Community College | 96,175,000 | 1.65% | 1,586,888 |
| Subtotal, overlapping debt | | | 43,755,929 |
| District direct debt | | | 24,477,609 |
| Total direct and overlapping debt | | | \$ 68,233,538 |

Source: Taxable value data used to estimate applicable percentages provided by the Jasper County Auditors. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- (a) The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Schedule 15
Newton Community School District

Legal Debt Margin Information
Last Ten Fiscal Years

(Unaudited)

| | 2022 | | 2021 | | 2020 | | 2019 | | 2018 | |
|---|------|------------|------|------------|------|------------|------|------------|------|------------|
| Debt limit | \$ | 74,508,724 | \$ | 73,989,741 | \$ | 69,855,635 | \$ | 66,672,960 | \$ | 66,006,371 |
| Total net debt applicable to limit | | 24,477,609 | | 26,431,988 | | 28,335,557 | | 29,955,000 | | 26,055,000 |
| Legal debt margin | \$ | 50,031,115 | \$ | 41,710,635 | \$ | 41,710,635 | \$ | 36,717,960 | \$ | 39,951,371 |
| Total net debt applicable to the limit | | | | | | | | | | |
| as a percentage of debt limit | | | | | | | | | | |
| | | 32.85% | | 35.72% | | 40.56% | | 44.93% | | 39.47% |

Source: School District financial records and Jasper County Auditor.

Notes:

- (a) Actual assessed value includes Tax Increment Financing
- (b) Code of Iowa Section 296.1

Legal Debt Margin Calculation for Fiscal Year 2022

| | |
|---------------------------------------|-------------------------|
| Actual assessed value (a) | <u>\$ 1,490,174,475</u> |
| Debt limit (5% of assessed value) (b) | \$ 74,508,724 |
| Debt applicable to limit | <u>24,477,609</u> |
| Legal debt margin | <u>\$ 50,031,115</u> |

| 2017 | 2016 | 2015 | 2014 | 2013 |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 65,403,366 | \$ 66,166,806 | \$ 66,046,367 | \$ 64,759,778 | \$ 64,793,599 |
| 19,800,000 | 2,645,000 | 3,920,000 | 5,135,000 | 6,310,000 |
| <u>\$ 45,603,366</u> | <u>\$ 63,521,806</u> | <u>\$ 62,126,367</u> | <u>\$ 59,624,778</u> | <u>\$ 58,483,599</u> |
| 30.27% | 4.00% | 5.94% | 7.93% | 9.74% |

Schedule 16
Newton Community School District

Pledged-Revenue Coverage
Last Ten Fiscal Years

(Unaudited)

| Fiscal Year | Sales Tax Revenue Bonds | | | | |
|----------------|-------------------------|--------------|------------|----------|--|
| | Revenue | Debt Service | | Coverage | |
| | | Principal | Interest | | |
| 2022 | \$ 3,556,756 | \$ 480,000 | \$ 189,300 | 5.31 | |
| 2021 | 2,992,773 | 470,000 | 212,800 | 4.38 | |
| 2020 | 3,142,609 | 455,000 | 235,550 | 4.55 | |
| 2019 | 3,147,509 | 445,000 | 199,079 | 4.89 | |
| 2018 | 2,761,422 | - | - | 0.00 | |
| 2017 | 2,689,141 | - | - | 0.00 | |
| 2016 | 2,825,405 | - | - | 0.00 | |
| 2015 | 2,966,001 | - | - | 0.00 | |
| 2014 | 2,634,919 | - | - | 0.00 | |
| 2013 | 2,563,842 | - | - | 0.00 | |

Source: School District financial records.

Notes: Details regarding the District's outstanding debt can be found in Note 7 of the notes to the financial statements.

Schedule 17
Newton Community School District

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

| Calendar Year | Population (a) | Personal Income (b) | Adjusted Gross Income Per Tax Return (b) | Per Capita Personal Income | Unemployment Rate (c) |
|------------------|----------------|------------------------|--|----------------------------------|--------------------------|
| 2021 | 15,034 | N/A | N/A | N/A | 4.3% |
| 2020 | 15,034 | \$481,611,417 | \$40,262 | \$32,035 | 5.2% |
| 2019 | 15,034 | \$479,292,995 | \$40,362 | \$31,881 | 2.8% |
| 2018 | 15,034 | \$449,907,486 | \$38,460 | \$29,926 | 2.6% |
| 2017 | 15,034 | \$443,657,657 | \$37,826 | \$29,510 | 3.1% |
| 2016 | 15,034 | \$424,818,217 | \$36,312 | \$28,257 | 3.5% |
| 2015 | 15,254 | \$421,189,058 | \$35,739 | \$27,612 | 3.8% |
| 2014 | 15,254 | \$413,821,958 | \$35,087 | \$27,129 | 4.4% |
| 2013 | 15,254 | \$408,353,700 | \$34,327 | \$26,770 | 5.1% |
| 2012 | 15,254 | \$420,972,263 | \$34,895 | \$27,597 | 6.0% |

Notes:

N/A = not available.

- (a) U.S. Department of Commerce, Bureau of Census for City of Newton
- (b) Iowa Department of Revenue
- (c) Iowa Workforce Development annual averages for Jasper County

As of June 30, 2022, the unemployment rate for Jasper County was 2.7%.

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Schedule 18
Newton Community School District

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

| Employer | 2022 | | | 2013 | | |
|----------------------------------|--------------|------|--------------------------------------|-----------|------|--------------------------------------|
| | Employees+ | Rank | Percentage of Total Employment | Employees | Rank | Percentage of Total Employment |
| Newton Community School District | 477 | 1 | 3.17% | * | * | * |
| Hy-Vee Food Stores | 288 | 2 | 1.92% | * | * | * |
| Wal-Mart Inc | 263 | 3 | 1.75% | * | * | * |
| VanMaanen Electric | 202 | 4 | 1.34% | * | * | * |
| MercyOne Newton Medical Center | 199 | 5 | 1.32% | * | * | * |
| The Vernon Company | 183 | 6 | 1.22% | * | * | * |
| Graphic Packaging | 175 | 7 | 1.16% | * | * | * |
| Thombert | 165 | 8 | 1.10% | * | * | * |
| Progress Industries | 150 | 9 | 1.00% | * | * | * |
| Rock Communications | 110 | 10 | 0.73% | * | * | * |
| Total | <u>2,212</u> | | <u>14.71%</u> | <u>*</u> | | <u>*</u> |

Source: 2022 - Newton Development Corporation

Notes:

+ Includes full-time, part time and seasonal employees.

* Information not available.

Schedule 19
Newton Community School District

Full-Time Equivalent District Employees By Type
Last Ten Fiscal Years
(Unaudited)

| | Full-Time Equivalent Employees as of June 30 | | | | |
|---|--|--------------|--------------|--------------|--------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Supervisory: | | | | | |
| Superintendent | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Principals | 7.0 | 7.0 | 7.0 | 6.0 | 6.0 |
| Assistant principals | 4.0 | 3.5 | 3.5 | 3.5 | 3.5 |
| Other Administrators | 5.0 | 4.5 | 4.5 | 4.5 | 4.0 |
| Total supervisory | 17.0 | 16.0 | 16.0 | 15.0 | 14.5 |
| Instruction: | | | | | |
| Teachers | 218.6 | 220.3 | 219.7 | 219.0 | 218.9 |
| Associates | 65.4 | 62.8 | 66.1 | 66.3 | 65.5 |
| Total instruction | 284.0 | 283.1 | 285.8 | 285.3 | 284.4 |
| Student services: | | | | | |
| Guidance Counselors | 8.8 | 8.8 | 8.8 | 9.0 | 8.9 |
| Nurses | 4.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Teacher Librarian / Media Specialist | 1.9 | 1.9 | 1.8 | 1.8 | 2.8 |
| Technical Staff | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Total student services | 17.7 | 16.7 | 16.6 | 16.8 | 17.7 |
| Support and administration: | | | | | |
| Support Staff | 26.2 | 25.0 | 27.5 | 27.0 | 30.7 |
| Supervisors | 4.0 | 4.0 | 4.0 | 3.0 | 3.0 |
| Operations and Maintenance | 23.1 | 22.6 | 23.5 | 25.5 | 24.6 |
| Food Service | 18.1 | 18.5 | 19.4 | 24.7 | 20.8 |
| Pupil Transportation | 9.8 | 9.4 | 11.3 | 11.7 | 11.7 |
| Total support and administration | 81.2 | 79.5 | 85.7 | 91.8 | 90.8 |
| Total | 399.9 | 395.2 | 404.1 | 408.9 | 407.3 |

Source: District records.

| Full-Time Equivalent Employees as of June 30 | | | | | Percentage Change 2013-22 |
|--|-------|-------|-------|-------|---------------------------------|
| 2017 | 2016 | 2015 | 2014 | 2013 | |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 0.0% |
| 6.5 | 6.0 | 6.5 | 6.5 | 8.0 | -14.3% |
| 3.5 | 2.5 | 2.3 | 3.3 | 2.0 | 50.0% |
| 3.5 | 4.0 | 4.3 | 5.3 | 2.0 | 60.0% |
| 14.5 | 13.5 | 14.0 | 16.0 | 13.0 | 23.5% |
| 221.5 | 208.1 | 210.6 | 219.0 | 211.2 | 3.4% |
| 61.9 | 73.4 | 78.7 | 103.1 | 89.6 | -37.0% |
| 283.4 | 281.5 | 289.3 | 322.1 | 300.8 | -5.9% |
| 10.0 | 8.0 | 9.0 | 8.6 | 9.0 | -2.3% |
| 3.0 | 3.0 | 4.0 | 4.0 | 3.0 | 25.0% |
| 3.0 | 3.0 | 3.0 | 2.6 | 2.6 | -35.8% |
| 4.0 | 4.0 | 4.0 | 4.0 | 3.0 | 0.0% |
| 20.0 | 18.0 | 20.0 | 19.2 | 17.6 | 0.7% |
| 31.4 | 29.3 | 29.7 | 31.5 | 26.1 | 0.5% |
| 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 0.0% |
| 25.0 | 26.0 | 26.8 | 28.3 | 27.3 | -17.9% |
| 22.6 | 22.6 | 24.7 | 26.6 | 20.6 | -13.9% |
| 11.7 | 12.1 | 12.5 | 14.2 | 12.5 | -27.2% |
| 94.7 | 94.1 | 97.7 | 104.5 | 90.4 | -11.3% |
| 412.6 | 407.1 | 420.9 | 461.8 | 421.8 | -5.5% |

Schedule 20
Newton Community School District

Operating Statistics
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | Enrollment (1) | Operating Expenditures (2) | Cost Per Pupil | Percentage Change |
|----------------|----------------|-------------------------------|----------------|-------------------|
| 2022 | 2,748 | \$ 39,517,777 | \$ 14,381 | 6.98% |
| 2021 | 2,775 | 37,118,820 | 13,376 | 1.56% |
| 2020 | 2,839 | 37,381,832 | 13,167 | 4.47% |
| 2019 | 2,910 | 36,604,134 | 12,579 | 9.15% |
| 2018 | 3,061 | 34,982,006 | 11,428 | (1.66)% |
| 2017 | 2,937 | 34,122,961 | 11,618 | 1.23% |
| 2016 | 2,821 | 32,370,864 | 11,475 | 1.90% |
| 2015 | 2,838 | 31,945,572 | 11,256 | 1.26% |
| 2014 | 2,898 | 32,209,891 | 11,115 | 3.56% |
| 2013 | 3,047 | 32,660,169 | 10,719 | 9.71% |

Source: School District financial records and Iowa Department of Education.

Notes: N/A = not available.

(1) Average daily membership

(2) Operating expenditures are total governmental expenditures less debt service and capital outlays.

| Expenses | | Cost Per Pupil | Percentage Change | Teaching Staff | Pupil-Teacher Ratio | Percentage of Students Receiving Free or Reduced-Priced Meals |
|----------|------------|----------------|-------------------|----------------|---------------------|---|
| \$ | 39,639,032 | \$ 14,425 | (16.61)% | 218.60 | 12.57 | 45.3% |
| | 46,676,263 | 16,820 | 11.19% | 220.30 | 12.60 | 45.6% |
| | 42,409,625 | 14,938 | 7.30% | 219.70 | 12.92 | 53.3% |
| | 40,296,920 | 13,848 | 7.94% | 219.00 | 13.29 | 59.0% |
| | 39,020,727 | 12,748 | (2.54)% | 218.90 | 13.98 | 52.3% |
| | 38,390,457 | 13,071 | 5.80% | 221.50 | 13.26 | 47.5% |
| | 34,734,801 | 12,313 | 2.27% | 208.09 | 13.56 | 48.3% |
| | 34,152,016 | 12,034 | (1.16)% | 210.61 | 13.48 | 49.1% |
| | 35,277,309 | 12,173 | 5.00% | 219.02 | 13.23 | 49.0% |
| | 35,235,758 | 11,564 | 9.17% | 211.24 | 14.42 | 48.7% |

Schedule 21
Newton Community School District

School Building Information
Last Ten Fiscal Years
(Unaudited)

| School | Fiscal Year | | | | |
|------------------------------|-------------|---------|---------|---------|---------|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Elementary: | | | | | |
| Aurora Heights (1955) | | | | | |
| Square feet | 46,958 | 46,958 | 46,958 | 46,958 | 46,958 |
| Capacity | 330 | 330 | 330 | 330 | 330 |
| Enrollment | 257 | 236 | 272 | 271 | 301 |
| BC Berg (1963) | | | | | |
| Square feet | N/A | N/A | N/A | N/A | N/A |
| Capacity | N/A | N/A | N/A | N/A | N/A |
| Enrollment | N/A | N/A | N/A | N/A | N/A |
| Emerson Hough (1901) | | | | | |
| Square feet | 65,758 | 65,758 | 65,758 | 65,758 | 65,758 |
| Capacity | 450 | 450 | 450 | 450 | 450 |
| Enrollment | 223 | 233 | 240 | 253 | 257 |
| Thomas Jefferson (1955) | | | | | |
| Square feet | 58,985 | 58,985 | 58,985 | 58,985 | 58,985 |
| Capacity | 408 | 408 | 408 | 408 | 408 |
| Enrollment | 363 | 325 | 339 | 336 | 395 |
| Woodrow Wilson (1926) | | | | | |
| Square feet | 40,160 | 40,160 | 40,160 | 40,160 | 40,160 |
| Capacity | 418 | 418 | 418 | 418 | 418 |
| Enrollment | 261 | 268 | 290 | 284 | 268 |
| Middle School: | | | | | |
| BC Berg Middle School (2019) | | | | | |
| Square feet | 180,000 | 180,000 | 180,000 | 180,000 | 150,823 |
| Capacity | 1,000 | 1,000 | 1,000 | 1,000 | 818 |
| Enrollment | 845 | 877 | 902 | 925 | 915 |
| Senior High: | | | | | |
| Newton High School (1952) | | | | | |
| Square feet | 263,522 | 263,522 | 263,522 | 263,522 | 263,522 |
| Capacity | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 |
| Enrollment | 843 | 848 | 845 | 838 | 852 |
| WEST Academy (2016) | | | | | |
| Square feet | 10,036 | 10,036 | 10,036 | 10,036 | 10,036 |
| Capacity | 90 | 90 | 90 | 90 | 90 |
| Enrollment | 73 | 69 | 63 | 85 | 73 |

Source: District records

Notes:

Grades 5-8 were moved to Berg Middle School in FY17.

WEST Academy students were previously housed at Emerson Hough Elementary and before that were at DMACC.

In January 2019, the new Berg Middle School was opened.

| Fiscal Year | | | | |
|-------------|---------|---------|---------|---------|
| 2017 | 2016 | 2015 | 2014 | 2013 |
| 46,958 | 46,958 | 46,958 | 46,958 | 46,958 |
| 330 | 330 | 330 | 330 | 330 |
| 257 | 332 | 336 | 350 | 362 |
| N/A | 60,329 | 60,329 | 60,329 | 60,329 |
| N/A | 400 | 400 | 400 | 400 |
| N/A | 430 | 457 | 491 | 484 |
| 65,758 | 65,758 | 65,758 | 65,758 | 65,758 |
| 450 | 90 | 90 | 90 | 450 |
| 256 | 44 | 52 | 57 | 137 |
| 58,985 | 58,985 | 58,985 | 58,985 | 58,985 |
| 408 | 408 | 408 | 408 | 408 |
| 375 | 412 | 414 | 429 | 407 |
| 40,160 | 40,160 | 40,160 | 40,160 | 40,160 |
| 418 | 418 | 418 | 418 | 418 |
| 290 | 327 | 325 | 328 | 324 |
| 150,823 | 90,494 | 90,494 | 90,494 | 90,494 |
| 818 | 418 | 418 | 418 | 418 |
| 886 | 454 | 453 | 451 | 451 |
| 263,522 | 263,522 | 263,522 | 263,522 | 263,522 |
| 1,250 | 1,250 | 1,250 | 1,250 | 1,250 |
| 805 | 819 | 792 | 792 | 826 |
| 10,036 | N/A | N/A | N/A | N/A |
| 90 | N/A | N/A | N/A | N/A |
| 68 | N/A | N/A | N/A | N/A |

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Newton Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

| Grantor/Program | Assistance Listing Number | Pass-Through Entity Identifying Number or Grant Number | Expenditures |
|---|---------------------------|--|---------------------|
| Indirect: | | | |
| U.S. Department of Agriculture: | | | |
| Iowa Department of Education: | | | |
| Child Nutrition Cluster Programs: | | | |
| School Breakfast Program | 10.553 | 4725-22 | 354,151 |
| National School Lunch Program | 10.555 | 4725-22 | 1,710,653 * |
| Supply Chain Assistance Funds | 10.555 | 4725-22 | 51,239 |
| | | | <u>2,116,043</u> |
| Summer Food Service Program for Children | 10.559 | 4725-22 | 180,815 |
| Fresh Fruit and Vegetable Program | 10.582 | 4725-22 | 59,635 |
| | | | <u>2,356,493</u> |
| School Lunch Equipment Grants Stabilization | 10.579 | 4725-22 | <u>2,500</u> |
| U.S. Department of Education: | | | |
| Iowa Department of Education: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 4725-G | 464,480 |
| Title I Grants to Local Educational Agencies | 84.010 | 4725-SINA | 8,924 |
| Title I Grants to Local Educational Agencies | 84.010 | 4725-GC | 72,588 |
| Title I Grants to Local Educational Agencies | 84.010 | 4725-CSINA | 10,610 |
| | | | <u>556,602</u> |
| Special Education - Grants to States (High Cost Claim) | 84.027 | 4725-22 | <u>12,571</u> |
| Career and Technical Education - Basic Grants to States | 84.048 | 4725-22 | <u>57,261</u> |
| Supporting Effective Instruction State Grant | 84.367 | 4725-22 | <u>91,423</u> |
| Student Support and Academic Enrichment Program | 84.424 | 4725-22 | <u>33,542</u> |
| Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act (CARES) Cluster: | | | |
| COVID-19 Elementary and Secondary School Relief (ESSER) Fund (Rethink K12 Models) | 84.425B | 4725-22 | 14,369 |
| COVID-19 Elementary and Secondary School Relief (ESSER) Fund | 84.425D | 4725-20 | 354 |
| American Rescue Plan - Elementary and Secondary School Relief (ESSER) Funds | 84.425U | 4725-22 | 2,298,795 |
| | | | <u>2,313,518</u> |
| Heartland Area Education Agency: | | | |
| Special Education - Grants to States | 84.027 | 4725-22 | <u>147,310</u> |
| ARP Special Education - Grants to States | 84.027X | 4725-22 | <u>22,726</u> |
| English Language Acquisition State Grants | 84.365 | 4725-22 | <u>6,773</u> |
| U.S. Department of Homeland Security: | | | |
| Iowa Department of Homeland Security: | | | |
| Public Assistance Grant (COVID-19) | 97-036 | 4725-21 | <u>80,087</u> |
| Total | | | <u>\$ 5,680,806</u> |

* - Includes \$163,842 of non-cash awards.
See Notes to Schedule of Expenditures of Federal Awards.

Newton Community School District
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Newton 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 Newton Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Newton Community School District.

Note 2. 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 allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

Newton Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

Note 4. Noncash Assistance

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$163,842 related to USDA Commodities grants provided by the U.S. Department of Agriculture passed through the Iowa Department of Education, Assistance Listing Number 10.555.

See accompanying independent auditor's report.



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
Newton Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Newton 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 December 27, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Newton 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 Newton Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Newton 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that are not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Newton 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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. 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 non-compliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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

Newton Community School District's Responses to the Findings

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

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

December 27, 2022



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CERTIFIED PUBLIC ACCOUNTANTS

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 Newton Community School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Newton 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 Newton Community School District's major federal programs for the year ended June 30, 2022. Newton 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, Newton 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 Newton 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 Newton 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 Newton 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 Newton 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 Newton 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 Sample 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 Newton 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 Newton 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

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weakness as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

December 27, 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) No material weaknesses in internal control over financial reporting were 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) No material weaknesses in internal control over the major programs were 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 no audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516(a).
- (g) The major program was as follows:
 - Education Stabilization Fund Cluster:
 - Assistance Listing Number 84.425B – COVID-19 Elementary and Secondary School Relief (ESSER) Fund (Rethink K12 Models)
 - Assistance Listing Number 84.425D – COVID-19 Elementary and Secondary School Relief (ESSER) Fund
 - Assistance Listing Number 84.425U – American Rescue Plan - Elementary and Secondary School Relief (ESSER) Funds
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Newton Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

- 2022-A Certified Budget - District expenditures for the year ended June 30, 2022 exceeded the amount budgeted in the support services functional area.
- Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.
- Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.
- Conclusion - Response accepted.
- 2022-B Questionable Expenditures - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 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 | Purpose | Amount |
|-------------------------------------|---------------------------|----------|
| Ray Whipple, Board Member | Sub Custodian/Sub Teacher | \$ 4,876 |
- In accordance with Chapter 279.7A of the Code of Iowa, the transaction with Board Member Whipple does not appear to represent a conflict of interest since the cumulative amount did not exceed \$20,000 for the fiscal year.
- 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 that coverage is adequate for current operations.
- 2022-G Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- 2022-H Certified Enrollment - Variances in the basic enrollment data certified to the Department of Education were noted. One resident student was counted in error and another nonpublic shared time student was not counted during the count resulting in a net decrease 0.85 students.
- Recommendation - The certified enrollment data should be corrected for the student who entered and the student who left the District.
- Response - We will correct the certified enrollment in the future for students entering and exiting the system.
- Conclusion - Response accepted.
- 2022-I Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

Newton Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

Part IV: Other Findings Related to Required Statutory Reporting (Continued):

- 2022-J Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.
- 2022-K Certified Annual Report - The Certified Annual Report was filed timely to the Iowa Department of Education.
- 2022-L Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- 2022-M Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of 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 | | \$ | 4,966,877 |
| Revenues/transfers in: | | | |
| Sales tax revenues | \$ | 3,556,756 | |
| Federal sources | | 22,008 | |
| Other local revenues | | 2,586 | |
| Transfer from other funds | | 497,226 | 4,078,576 |
| | | | <u>9,045,453</u> |
| Expenditures/transfers out: | | | |
| School infrastructure construction | | 716,939 | |
| Equipment | | 1,642,792 | |
| Other | | 264,818 | |
| Transfers to other funds: | | | |
| Debt Service Fund | | 669,900 | 3,294,449 |
| | | | <u>3,294,449</u> |
| Ending balance | | \$ | <u>5,751,004</u> |

For the year ended June 30, 2022, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

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