

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

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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.

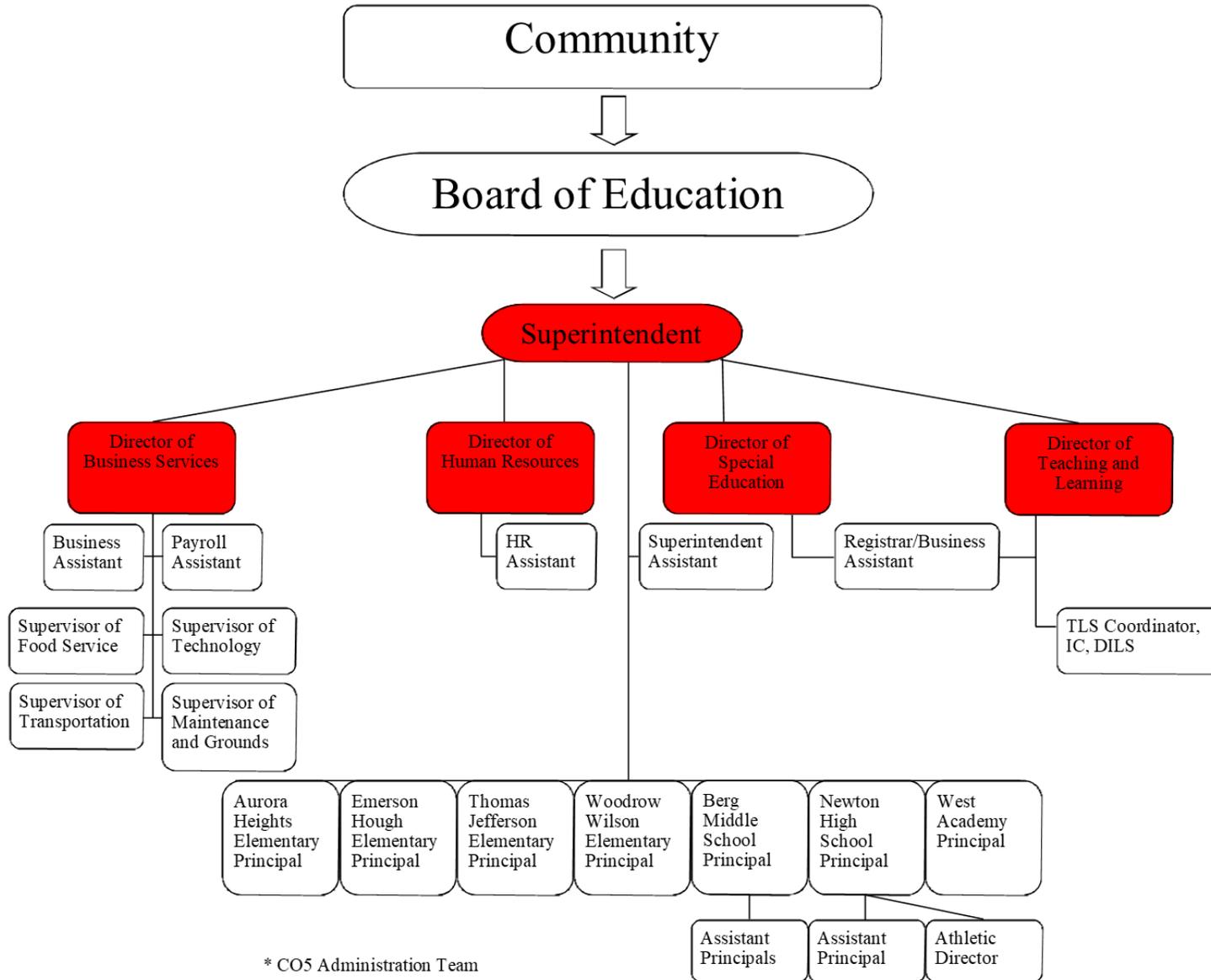
Respectfully submitted,



Tom Messinger
Superintendent



Tim Bloom
Director of Business Services



* CO5 Administration Team

**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, appearing to read 'William A. Sutter'.

William A. Sutter
President

A handwritten signature in black ink, appearing to read '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. Morrill

Executive Director/CEO



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Pella, IA 50219
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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

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

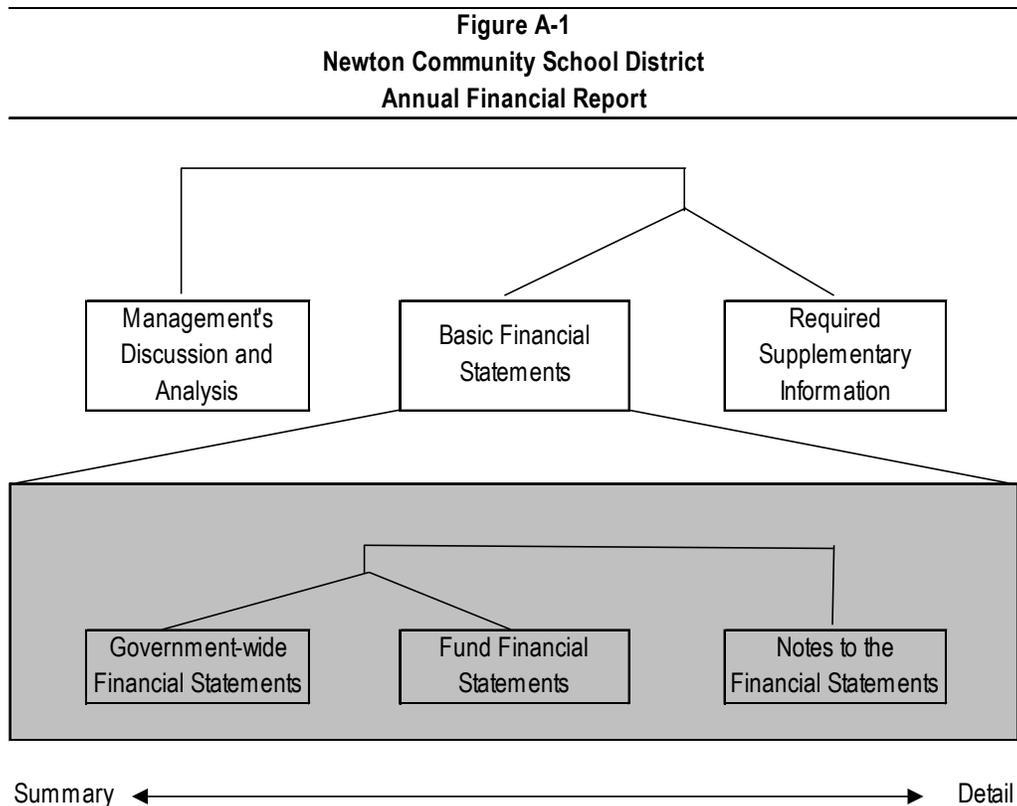


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents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

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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.

	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
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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.

	Governmental activities		Business type activities		Total District		Total Change
	June 30, 2022	2021	June 30, 2022	2021	June 30, 2022	2021	June 30, 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	<u>46,690,667</u>	<u>44,143,690</u>	<u>2,482,224</u>	<u>1,865,709</u>	<u>49,172,891</u>	<u>46,009,399</u>	<u>6.88%</u>
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	<u>38,342,072</u>	<u>44,814,351</u>	<u>1,296,960</u>	<u>1,863,338</u>	<u>39,639,032</u>	<u>46,677,689</u>	<u>-15.08%</u>
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	<u>35,152,072</u>	<u>26,763,663</u>	<u>2,240,204</u>	<u>1,094,754</u>	<u>37,392,276</u>	<u>27,858,417</u>	<u>34.22%</u>

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
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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%
	\$ 38,342,072	44,814,351	-14.44%	28,510,597	36,254,830	-21.36%

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
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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 financed 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 the 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 districts 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
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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**

Functions/Programs	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
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)
	<u>19,373,051</u>	<u>922,742</u>	<u>6,287,550</u>	<u>-</u>	<u>(12,162,759)</u>	<u>-</u>	<u>(12,162,759)</u>
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)
	<u>16,801,840</u>	<u>42,023</u>	<u>1,126,362</u>	<u>80,087</u>	<u>(15,553,368)</u>	<u>-</u>	<u>(15,553,368)</u>
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	-	-	-	-
	<u>2,158,404</u>	<u>-</u>	<u>1,372,711</u>	<u>-</u>	<u>(785,693)</u>	<u>-</u>	<u>(785,693)</u>
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	<u>1,296,960</u>	<u>110,065</u>	<u>2,371,406</u>	<u>-</u>	<u>-</u>	<u>1,184,511</u>	<u>1,191,198</u>
Total primary government	<u>\$ 39,639,032</u>	<u>1,074,830</u>	<u>11,158,029</u>	<u>80,087</u>	<u>(28,510,597)</u>	<u>1,184,511</u>	<u>(27,326,086)</u>

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
Mangement 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	Governmental Activities
	Major Enterprise Fund	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	-
	<u>6,687</u>	<u>3,418,979</u>
Non-instructional programs:		
Food service operations:		
Salaries	623,962	-
Benefits	(300,711)	-
Supplies	871,941	-
Depreciation	95,081	-
Total operating expenses	<u>1,290,273</u>	<u>-</u>
	<u>1,296,960</u>	<u>3,418,979</u>
Operating income (loss)	<u>(1,186,895)</u>	<u>665,205</u>
Non-operating revenues:		
Interest on investments	753	1,234
State sources	12,412	-
Federal sources	2,358,994	-
Total non-operating revenues	<u>2,372,159</u>	<u>1,234</u>
Income before transfers and capital contributions	1,185,264	666,439
Transfers:		
Capital contributions	3,178	-
Transfers out	(42,992)	-
Total transfers	<u>(39,814)</u>	<u>-</u>
Change in net position	1,145,450	666,439
Net position beginning of year	<u>1,094,754</u>	<u>1,420,752</u>
Net position end of year	<u>\$ 2,240,204</u>	<u>2,087,191</u>

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	Governmental Activities
	Major Enterprise Fund	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	<u>(1,450,994)</u>	<u>777,439</u>
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	<u>2,196,488</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(3,641)	-
Net cash used by capital and related financing activities	<u>(3,641)</u>	<u>-</u>
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	<u>\$ 1,597,921</u>	<u>2,738,489</u>
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	<u>\$ (1,450,994)</u>	<u>777,439</u>
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	<u>\$ 1,597,921</u>	<u>2,738,489</u>
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.

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

(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 actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund 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:

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

(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	\$ 42,992	712,066	497,226	1,252,284

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, Management Levy Fund	Proprietary, Internal Service 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	<u>1,477,996</u>	<u>42,951</u>	<u>499,698</u>	<u>1,021,249</u>
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	<u>85,138,811</u>	<u>2,529,626</u>	<u>2,434,046</u>	<u>85,234,391</u>
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	<u>28,885,035</u>	<u>2,127,698</u>	<u>1,604,913</u>	<u>29,407,820</u>
Total capital assets being depreciated/amortized, net	<u>56,253,776</u>	<u>401,928</u>	<u>829,133</u>	<u>55,826,571</u>
Governmental activities capital assets, net	<u>\$ 57,731,772</u>	<u>444,879</u>	<u>1,328,831</u>	<u>56,847,820</u>
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	<u>\$ 652,310</u>	<u>(88,262)</u>	<u>-</u>	<u>564,048</u>

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>
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Business type activities:

Food services	<u>\$ 95,081</u>
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(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	<u>22,462,279</u>	-	<u>1,470,072</u>	<u>20,992,207</u>	<u>1,515,072</u>
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	<u>4,599,132</u>	-	<u>523,641</u>	<u>4,075,491</u>	<u>538,641</u>
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	<u>46,686,134</u>	<u>59,860</u>	<u>20,046,253</u>	<u>26,699,741</u>	<u>2,141,197</u>
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	<u>636,480</u>	<u>731</u>	<u>561,172</u>	<u>76,039</u>	<u>-</u>
Total	<u>\$ 47,322,614</u>	<u>60,591</u>	<u>20,607,425</u>	<u>26,775,780</u>	<u>2,141,197</u>

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	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	December 22, 2016 Issue			April 12, 2017 Issue			
	Ending June 30,	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	March 13, 2018 Issue			Total			
	Ending June 30,	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.

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

(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	\$ 2,590,609	14,452,297

\$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	\$ (13,923,130)

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.

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

(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 <u>(6.0%)</u>	Discount Rate <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
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.

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

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	<u>\$ 1,170,111</u>
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	<u>(97,608)</u>
Net changes	<u>13,313</u>
Total OPEB liability end of year	<u>\$ 1,183,424</u>

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.

	<u>1% Decrease (1.14%)</u>	<u>Discount Rate (2.14%)</u>	<u>1% Increase (3.14%)</u>
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.

	<u>1% Decrease (4.0%)</u>	<u>Discount Rate (5.0%)</u>	<u>1% Increase (6.0%)</u>
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.

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

(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
Incurring 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><u>\$420,295</u></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	Grand Total
	General Fund	Capital Projects Fund	Activities	
			Major Enterprise Funds	
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

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

(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.

	<u>Governmental Activities Net Position</u>	
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>	
		<u>Long-term Liabilities</u>
	<u>Capital Assets</u>	<u>Lease Agreements</u>
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	<u>1,550,375</u>	<u>597,000</u>	<u>2,147,375</u>
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	<u>675,847</u>	<u>565,005</u>	<u>1,240,852</u>
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	<u>\$ 1,701,742</u>	<u>563,511</u>	<u>2,265,253</u>

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 Sales, Services and Use Tax	Physical Plant and Equipment 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	<u>3,581,350</u>	<u>920,006</u>	<u>4,501,356</u>
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	<u>2,624,549</u>	<u>756,052</u>	<u>3,380,601</u>
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)	<u>(172,674)</u>	<u>(42,166)</u>	<u>(214,840)</u>
Change in fund balances	784,127	121,788	905,915
Fund balances beginning of year	<u>4,966,877</u>	<u>423,141</u>	<u>5,390,018</u>
Fund balances end of year	<u>\$ 5,751,004</u>	<u>544,929</u>	<u>6,295,933</u>

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	<u>\$ 531,516</u>	<u>597,000</u>	<u>565,005</u>	<u>563,511</u>

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>\$</u>	<u>23,261,923</u>	<u>\$</u>	<u>21,593,096</u>	<u>\$</u>	<u>19,171,355</u>	<u>\$</u>	<u>31,602,585</u>	<u>\$</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>\$</u>	<u>278,595</u>	<u>\$</u>	<u>337,843</u>	<u>\$</u>	<u>333,906</u>	<u>\$</u>	<u>813,810</u>	<u>\$</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>\$</u>	<u>23,540,518</u>	<u>\$</u>	<u>21,930,939</u>	<u>\$</u>	<u>19,505,261</u>	<u>\$</u>	<u>32,416,395</u>	<u>\$</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
<u>36,648,786</u>		<u>33,168,858</u>		<u>32,585,142</u>		<u>33,693,693</u>		<u>33,799,213</u>	
<u>1,741,671</u>		<u>1,565,943</u>		<u>1,566,874</u>		<u>1,583,616</u>		<u>1,436,545</u>	
<u>1,741,671</u>		<u>1,565,943</u>		<u>1,566,874</u>		<u>1,583,616</u>		<u>1,436,545</u>	
<u>\$</u>	<u>38,390,457</u>	<u>\$</u>	<u>34,734,801</u>	<u>\$</u>	<u>34,152,016</u>	<u>\$</u>	<u>35,277,309</u>	<u>\$</u>	<u>35,235,758</u>
\$	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
<u>6,405,547</u>		<u>5,240,686</u>		<u>5,237,987</u>		<u>3,608,960</u>		<u>3,820,363</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
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>
<u>\$ (30,243,239)</u>	<u>\$ (27,928,172)</u>	<u>\$ (27,347,155)</u>	<u>\$ (30,084,733)</u>	<u>\$ (29,978,850)</u>
(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	\$ 98,896,690		11.12%	\$ 107,142,264		14.14%

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				Coverage
	Revenue	Debt Service			
		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
2017	2016	2015	2014	2013	2013-22
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
			2,116,043
Summer Food Service Program for Children	10.559	4725-22	180,815
Fresh Fruit and Vegetable Program	10.582	4725-22	59,635
			2,356,493
School Lunch Equipment Grants Stabilization	10.579	4725-22	2,500
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
			556,602
Special Education - Grants to States (High Cost Claim)	84.027	4725-22	12,571
Career and Technical Education - Basic Grants to States	84.048	4725-22	57,261
Supporting Effective Instruction State Grant	84.367	4725-22	91,423
Student Support and Academic Enrichment Program	84.424	4725-22	33,542
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
			2,313,518
Heartland Area Education Agency:			
Special Education - Grants to States	84.027	4725-22	147,310
ARP Special Education - Grants to States	84.027X	4725-22	22,726
English Language Acquisition State Grants	84.365	4725-22	6,773
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security:			
Public Assistance Grant (COVID-19)	97-036	4725-21	80,087
Total			\$ 5,680,806

* - 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.



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CERTIFIED PUBLIC ACCOUNTANTS

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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Van Maanen, Sietstra, Meyer & Nikkel, PC
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.

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

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
		9,045,453
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
		3,294,449
Ending balance		\$ 5,751,004

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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