

Newton Community School District
Newton, Iowa
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024

Cardinal Strong



Red Pride Lives Here

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
NEWTON COMMUNITY SCHOOL DISTRICT**

Newton, Iowa

Fiscal Year Ended June 30, 2024

OFFICIAL ISSUING REPORT

Tim Bloom, Director of Business Services

OFFICE ISSUING REPORT

Business Office

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NEWTON COMMUNITY SCHOOL DISTRICT

December 18, 2024

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, 2024. 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 18, 2024

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, 2024 is submitted herewith. Responsibility for accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District Office of Business Services. We believe the data is accurately presented, in all material respects; that the data is presented to fairly set forth the financial position of the governmental activities, business type activities, each major fund, the aggregate remaining fund information and the respective changes in financial position and cash flows where applicable; and that all necessary disclosures have been included in order to enable the reader to gain the maximum understanding of the District's financial affairs.

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

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

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

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

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

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

Receiving these awards are recognition that a school system has met the highest standards of excellence in school financial reporting. The standards used in the “Certificate of Excellence. Program” and “Certificate of Achievement Program” are based on generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). We will actively pursue these awards through the efforts of the entire Newton Team. The Newton Community School District received the ASBO certificate for its annual comprehensive financial report for the fiscal years ending June 30, 2018, 2019, 2020, 2021, 2022 and 2023. 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, 2021, 2022 and 2023.

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, BerganKDV, Ltd.

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. Certified enrollment for fiscal 2023-24 was 2,911.7 students. This is a decrease of 45.9 compared to 2022-23. 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 \$964 million for January 2023 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 2024-25	Enrollment for 2025-26	Enrollment for 2026-27
Newton High School	9-12	1952, 1964, 1965, 1977, 1983, 2002	806	754	757
WEST Academy	10-12	2016	51	65	65
Berg Middle School	5-8	2021	790	792	805
Aurora Heights Elementary	K-5	1955, 1957, 1988, 1999, 2006			599
Emerson Hough Elementary	K-5	1901, 1926, 1974, 1994	336	348	
Thomas Jefferson Elementary	PK-5	1955, 1957, 1966, 1975, 2000	404	419	475
Woodrow Wilson Elementary	K-5	1926, 1931, 1956, 1988, 2005	306	317	
TOTAL			2,693	2,695	2,701

Notes: 2025-26 and 2026-27 served enrollment figures are estimates with RSP & Associates LLC. The district is in the process of transitioning from four to two elementary attendance centers.

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. Not all positions are hired back at this time, but 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 2024 include a new boiler at Thomas Jefferson Elementary and lighting updates to the Center for Performance at Newton High School.

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 were updated for the fall of 2024. The district was not utilizing space efficiently at many buildings and the district redrew boundaries to better align student enrollment to available spaces in buildings. The school board approved issuing \$26,230,000 in SAVE sales tax revenue bonds to finance building additions and remodeling at Thomas Jefferson and Aurora Heights Elementary schools. The district will be transitioning from four to two elementary attendance centers in the fall of 2026.

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 2024 fiscal year data shows a total outstanding indebtedness on June 30 of \$20,649,867 with a ratio of debt to 100% taxable, actual, assessed valuation of 23.89%. During FY 2024, \$2,071,653 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 \$20,649,867 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. In addition, the district has lease agreements with Apple for MacBook computers for high school students and with Forbes for district copiers and printers.

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, 2023, 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 BerganKDV, Ltd. 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, BerganKDV, Ltd. 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.

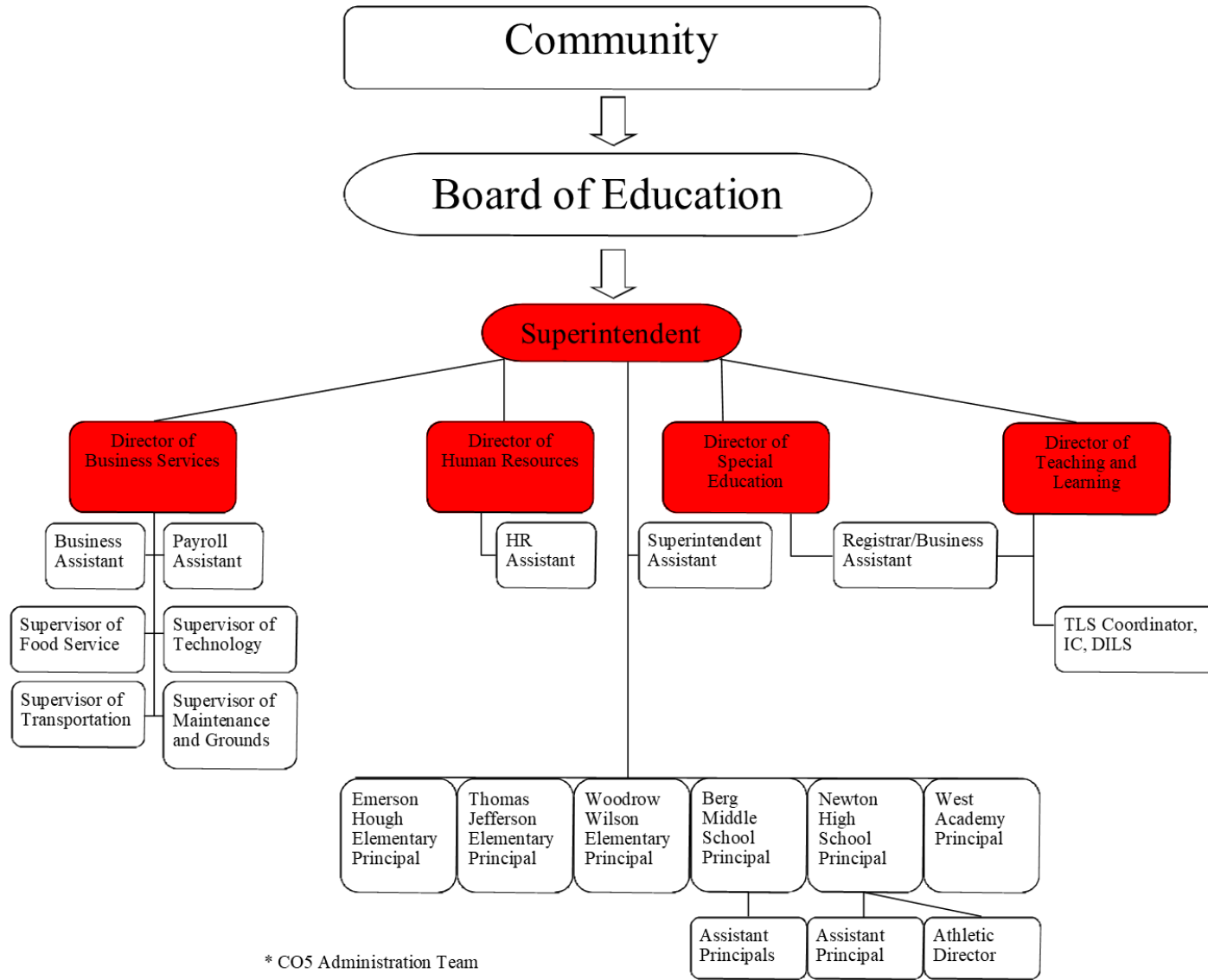
Respectfully submitted,



Tom Messinger
Superintendent



Tim Bloom
Director of Business Services



* COS Administration Team

**Newton Community School District
Board of Education and School Officials
Year Ended June 30, 2024**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before November 2023)		
Robyn Friedman	President	Nov 2025
Josh Cantu	Vice President	Nov 2023
Donna Cook	Board Member	Nov 2023
Mark Thayer	Board Member	Nov 2023
Liz Hammerly	Board Member	Nov 2025
Travis Padget	Board Member	Nov 2025
Ray Whipple	Board Member	Nov 2025
(After November 2023)		
Robyn Friedman	President	Nov 2025
Josh Cantu	Vice President	Nov 2027
Liz Hammerly (resigned)	Board Member	Nov 2025
Cody Muhs (appointed)	Board Member	Nov 2025
Travis Padget	Board Member	Nov 2025
Ray Whipple	Board Member	Nov 2025
Donna Cook	Board Member	Nov 2027
Kristi Meyer	Board Member	Nov 2027
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, 2024**

<u>Name</u>	<u>Position</u>
Tom Messinger	Superintendent
Tim Bloom	Director of Business Services
Laura Selover	Director of Human Resources / WEST Academy Principal
Danielle Kenny	Director of Special Programs
Amy Farmer-Shannon	Director of Teaching and Learning
Bill Peters	High School Principal
Jim Beerends	Assistant High School Principal
Laura Sherratt	Assistant High School Principal
Ryan Rump	Director of Activities and Athletics
Bret Miller	Middle School Principal
Stephanie Langstraat	Assistant Middle School Principal
Jen Wiebel	Assistant Middle School Principal
Jolene Comer	Emerson Hough Elementary Principal
Tara Zehr	Emerson Hough Elementary Principal
Trisca Mick	Thomas Jefferson Elementary Principal
Todd Schuster	Woodrow Wilson Elementary Principal
Jack Sutteck	Supervisor of Maintenance and Grounds
Julie Miller	Supervisor of Food Service
Monica Pritchard	Supervisor of Transportation

**Newton Community School District
Consultants, Advisers, and Official Depositories
Year Ended June 30, 2024**

Consultants and Advisors:

Certified Public Accountants:

BerganKDV, Ltd.
220 Park Avenue South
St. Cloud, MN 56301

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:

Iowa Public School Insurance Program
8379 NE University Avenue
Pleasant Hill, IA 50327

Benefits Insurance:

Group 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, 2023.

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

Ryan S. Stechschulte
SFO
President

A handwritten signature in black ink, reading 'James M. Rowan'.

James M. Rowan, CAE,
CEO/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, 2023

Christopher P. Morill

Executive Director/CEO



Independent Auditor's Report

To the School Board
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 the Newton Community School District, Iowa, as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Newton Community School District, as of June 30, 2024, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The management of the Newton Community School District is responsible for the preparation and fair presentation of the 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 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- ◆ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ◆ Conclude whether, in our judgment, there are conditions or events considered in the aggregate, which raise substantial doubt about the 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 that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary Information as listed in the Table of Contents 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 Government Accounting Standards Board (GASB), 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 the District’s basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also 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 accompanying supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

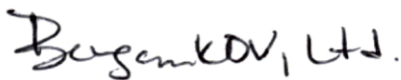
Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024, on our consideration of the 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 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 the District’s internal control over financial reporting and compliance.



St. Cloud, Minnesota
December 18, 2024

**Newton Community School District
Management's Discussion and Analysis
Year Ended June 30, 2024**

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, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

2024 Financial Highlights

The District showed a government wide increase in net position of \$6,624,450 during the year ended June 30, 2024.

Governmental activities revenues increased from \$49,134,998 in fiscal year 2023 to \$50,297,083 in 2024. General revenues increased from \$39,578,295 in fiscal year 2023 to \$42,083,689 in 2024. Program revenues decreased from \$9,556,703 in 2023 to \$8,213,394 in 2024. The business type activities revenues decreased from \$2,132,471 in fiscal year 2023 to \$2,090,491 in 2024.

As of June 30, 2024, unassigned fund balance for the General Fund was \$6,786,110 or 17.13% of General Fund expenditures. The financial solvency ratio for the year ended June 30, 2024 was 17.15%, which is an increase of 2.26% over the previous year. This increase was due to compensation for significant loss of capital assets due to a hail storm event. The local tax revenue decreased 1.47% due to reduced cash reserve levy funding to finance special education deficit and SBRC requests. The state revenue increased 6.10% due to state funding allocation increase and additional state grant awards. The federal revenues decreased 4.50% due the discontinuation of ESSER pandemic funding.

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.

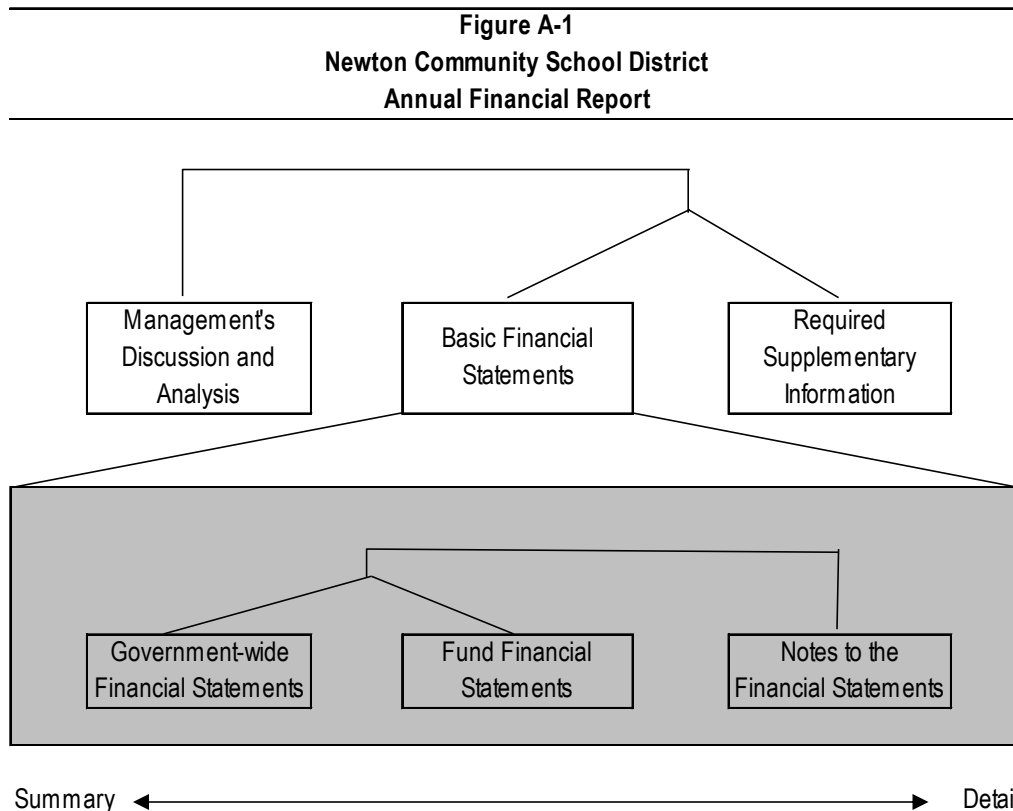


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents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

**Newton Community School District
Management's Discussion and Analysis
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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 69 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, 2024**

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 \$44,992,899 to \$51,617,349.

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 \$60,314,896. 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, 2024 compared to June 30, 2023.

	Governmental activities		Business type activities		Total		Total Change
	June 30,		June 30,		June 30,		June 30,
	2024	2023	2024	2023	2024	2023	2023-2024
Current assets	\$ 38,146,804	34,422,538	1,656,259	1,751,055	39,803,063	36,173,593	10.03%
Capital assets, net	59,869,324	60,096,083	445,572	513,931	60,314,896	60,610,014	-0.49%
Total assets	98,016,128	94,518,621	2,101,831	2,264,986	100,117,959	96,783,607	3.45%
Deferred outflows of resources	4,414,532	2,844,118	144,092	96,498	4,558,624	2,940,616	55.02%
Current liabilities	5,349,627	4,755,851	21,542	26,613	5,371,169	4,782,464	12.31%
Noncurrent liabilities	30,809,416	32,242,916	409,657	374,749	31,219,073	32,617,665	-4.29%
Total liabilities	36,159,043	36,998,767	431,199	401,362	36,590,242	37,400,129	-2.17%
Deferred inflow of resources	16,440,889	17,264,827	28,103	66,368	16,468,992	17,331,195	-4.97%
Net Position:							
Net investment in capital assets	38,674,184	36,752,516	445,572	513,931	39,119,756	37,266,447	4.97%
Restricted	7,537,956	6,500,294	-	-	7,537,956	6,500,294	15.96%
Unrestricted	3,618,588	(153,665)	1,341,049	1,379,823	4,959,637	1,226,158	304.49%
Total Net Position	\$ 49,830,728	43,099,145	1,786,621	1,893,754	51,617,349	44,992,899	14.72%

The restricted portion of the District's net position (14.60%) represents resources that are subject to external restrictions on how they may be used. These restrictions include \$34,748 for categorical funding, \$969,925 for debt service, \$1,158,540 for management levy purposes, \$593,527 for student activities, \$4,595,177 for school infrastructure and \$186,039 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. The balance of unrestricted net position increase was primarily the result of the increase in the district's pension deferred outflow of resources and increase in cash and cash equivalents due to the district receiving higher interest rates on invested funds.

The District's total net position increased by \$6,624,450 or 14.72%, during the current fiscal year. The governmental activities net position increased by \$6,731,583. Business type activities net position decreased by \$107,133.

**Newton Community School District
Management's Discussion and Analysis
Year Ended June 30, 2024**

Figure A-4 highlights the District's revenues and expenses for the fiscal year ended June 30, 2024 as compared to the fiscal year ended June 30, 2023. These two main components are subtracted to yield the change in net position. This table utilized the full accrual method of accounting. Revenue is further divided into two major components: Program Revenue and General Revenue. Program Revenue is defined as charges for services and sales, operating and capital grants and contributions. General Revenue includes taxes and unrestricted grants such as state foundation support.

Figure A-4 Changes in Net Position							
	Governmental activities		Business type activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2024	2023	2024	2023	2024	2023	2023-2024
Revenues:							
Program revenues:							
Charges for services	\$ 1,092,249	1,174,737	576,555	552,724	1,668,804	1,727,461	-3.40%
Operating grants and contributions	7,121,145	8,381,966	1,445,263	1,551,742	8,566,408	9,933,708	-13.76%
General Revenues:							
Property and other taxes	17,230,576	15,574,817	-	-	17,230,576	15,574,817	10.63%
Statewide sales and services tax	3,896,229	4,026,026	-	-	3,896,229	4,026,026	-3.22%
Unrestricted state grants	19,774,829	18,882,458	-	-	19,774,829	18,882,458	4.73%
Unrestricted investment earnings	886,712	482,908	68,673	28,005	955,385	510,913	87.00%
Other	295,343	612,086	-	-	295,343	612,086	-51.75%
Total revenues	50,297,083	49,134,998	2,090,491	2,132,471	52,387,574	51,267,469	2.18%
Expenses:							
Program expenses:							
Instruction	22,782,484	21,165,087	-	-	22,782,484	21,165,087	7.64%
Support services	18,738,771	17,903,318	24,065	20,942	18,762,836	17,924,260	4.68%
Non-instructional programs	3,467	11,064	2,124,688	2,444,335	2,128,155	2,455,399	-13.33%
Other	1,442,022	1,404,460	-	-	1,442,022	1,404,460	2.67%
Debt service	647,627	717,640	-	-	647,627	717,640	-9.76%
Total expenses	43,614,371	41,201,569	2,148,753	2,465,277	45,763,124	43,666,846	4.80%
Changes in Net Position before transfers	6,682,712	7,933,429	(58,262)	(332,806)	6,624,450	7,600,623	-12.84%
Contributions and transfers (net)	48,871	13,644	(48,871)	(13,644)	-	-	0.00%
Changes in Net Position	6,731,583	7,947,073	(107,133)	(346,450)	6,624,450	7,600,623	-12.84%
Net Position beginning of year	43,099,145	35,152,072	1,893,754	2,240,204	44,992,899	37,392,276	20.33%
Net Position end of year	49,830,728	43,099,145	1,786,621	1,893,754	51,617,349	44,992,899	14.72%

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

In fiscal year 2024, property and other tax and unrestricted state grants accounted for 73.57% of governmental activities revenues while charges for services and operating grants and contributions accounted for 96.71% of business type activities revenue. Investment earnings increased 87% due to more favorable interest rates. Statewide sales tax decreased by 3.22% due to a decrease in the enrolled number of students. Property and other taxes revenue for the year increased primarily due to increased property tax revenue, which grew as a result of a 10.63% rate increase on all classes of property, as well as an increase of approximately 10.06% in the taxable property values, driven by increased local real estate market values.

**Newton Community School District
Management's Discussion and Analysis
Year Ended June 30, 2024**

Overall the district experienced a 2.18% increase in revenues and a 4.80% increase in expenses. Property tax revenues increased \$1,655,759, state aid increased \$892,371 and other general revenues decreased \$316,743. The district received \$1,367,300 or 13.76% less in operating grants and contributions than the prior year. This was due to the reduction of ESSER funds. The decrease in non-instructional program expenses is related to the decreased net pension liability. Other increases in expenditures are due to salary and benefit increased costs, as well as inflationary costs in purchased goods and services.

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, 2024 compared to the year ended June 30, 2023. 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 81.17% of total cost of services in 2024.

	Total Cost of Services			Net Cost of Services		
	June 30,			June 30,		
	2024	2023	2023-2024	2024	2023	2023-2024
Instruction	\$ 22,782,484	21,165,087	7.64%	17,182,174	14,136,342	21.55%
Support services	18,738,771	17,903,318	4.67%	17,567,709	16,779,820	4.70%
Non-instructional programs	3,467	11,064	-68.66%	3,467	11,064	-68.66%
Other	1,442,022	1,404,460	2.67%	-	-	0.00%
Debt service	647,627	717,640	-9.76%	647,627	717,640	-9.76%
	\$ 43,614,371	41,201,569	5.86%	35,400,977	31,644,866	11.87%

Business Type Activities – Revenues for business type activities during the year ended June 30, 2024 were \$2,090,491 representing, a 1.97% decrease under the prior year, while expenses totaled \$2,148,753, a 12.84% decrease under the prior year. The decrease in expenses was due the related decrease in net pension liability; however, there was increased costs related to salary, benefits and purchased food. 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 \$14,379,067, an increase of \$1,875,868 in comparison with the prior year. Approximately 47.19% of this total amount or \$6,786,110 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 \$34,748 for categorical funding, \$1,024,926 for debt service and revenue bond reserve, \$1,158,540 for management levy purposes, \$593,527 for student activities, \$4,595,177 for school infrastructure and \$186,039 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 \$6,786,110, while total fund balance reached \$6,820,858. 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 17.13% of total General Fund expenditures.

The fund balance of the District's General Fund increased \$442,450 during the current fiscal year. The financing plan for the district was to break even this year and the increase was not anticipated and was due to the additional \$436,095 in compensation for significant loss of capital assets. The State of Iowa did increase supplemental state aid 3.00% for 2023-24, the amount the district receives per student.

**Newton Community School District
Management’s Discussion and Analysis
Year Ended June 30, 2024**

The District’s other major funds include the Debt Service Fund, the Capital Projects Fund and the Management Levy Fund. The Debt Service fund balance increased \$95,985 due the levying funds for scheduled bond repayments. The district will be using the current balance and issuing a pre-levy tax for FY25 to pay off a year of principal and interest saving the taxpayers \$239,750. The Capital Projects fund balance increased \$424,494 due to the timing of capital expenditures included as part of the districts five-year capital improvement plan. During the fiscal year, the district completed major construction on a new baseball stadium. This is also reflective in the capital assets as construction in progress. The Management Lev special revenue fund balance increased \$903,701 due to an increased property tax levy.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from \$1,893,754 at June 30, 2023 to \$1,786,621 at June 30, 2024, a decrease by approximately 5.66%. Revenues decreased 1.97% due to decreased federal reimbursements for the student meal program. The expenditures decreased 12.84% 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	\$ 26,148,351	26,500,000	25,508,489	991,511
Support services	15,633,098	16,200,000	16,846,096	(646,096)
Non-instructional programs	2,100,403	2,354,102	2,128,155	225,947
Other	8,765,245	8,765,245	6,301,148	2,464,097
	<u>\$ 52,647,097</u>	<u>53,819,347</u>	<u>50,783,888</u>	<u>3,035,459</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 \$295,118. The decrease can be attributed to the construction in progress that were completed and capitalized during the year. Projects underway at year end include the Newton High School Center for Performance lighting update project, Thomas Jefferson Elementary addition and renovation project and the Aurora Heights Elementary addition and renovation project.

**Newton Community School District
Management’s Discussion and Analysis
Year Ended June 30, 2024**

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,
	2024	2023	2024	2023	2024	2023	2023-2024
Land	\$ 996,689	996,689	-	-	996,689	996,689	0.00%
Improvements other than buildings	6,245,744	3,079,799	-	-	6,245,744	3,079,799	102.80%
Buildings and improvements	49,351,684	50,492,313	-	-	49,351,684	50,492,313	-2.26%
Furniture and equipment	2,152,970	2,004,802	445,572	513,931	2,598,542	2,518,733	3.17%
Right-to-use leased equipment	334,881	600,726	-	-	334,881	600,726	-44.25%
Construction in progress	787,356	2,921,754	-	-	787,356	2,921,754	-73.05%
Total	\$ 59,869,324	60,096,083	445,572	513,931	60,314,896	60,610,014	-0.49%

Additional information about the District’s capital assets can be found in note 5 to the financial statements.

Debt – As of June 30, 2024, the Newton Community School District had general obligation bonds, revenue bonds and lease agreements outstanding principal balance totaling \$20,649,868. In the current year, the District paid \$2,071,653 in principal and \$732,256 in interest.

As of June 30, 2024, the District’s available debt limit was \$86,448,662 which leaves a legal debt margin of \$65,798,794 once the current year applicable general obligation and revenue bonded debt and lease agreements are applied.

**Figure A-7
Long-term Debt Obligations**

	Total School District		Total Change
	June 30,		June 30,
	2024	2023	2023-2024
Lease agreements	\$ 289,868	329,582	-12.05%
General obligation bonds	17,917,063	19,477,135	-8.01%
Revenue bonds	2,988,209	3,536,850	-15.51%
Compensated absences	55,023	53,975	1.94%
Net pension liability	11,739,364	10,208,042	15.00%
Total OPEB liability	1,009,900	1,215,819	-16.94%
Totals	\$ 33,999,427	\$ 34,821,403	-2.36%

Additional information about the District’s long-term debt can be found in note 6 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 2024 legislature set supplemental state aid for 2024-25 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.

**Newton Community School District
Management's Discussion and Analysis
Year Ended June 30, 2024**

The district has been working through the master planning process for the past two years. The district is unable to continue to operate four elementary buildings efficiently. Failure to reduce expenditures may result in the district having to go before the School Budget Review Committee to explain why the law was not followed and to explain the overspending and why reductions were not made. The district has made staffing reductions and closed Aurora Heights Elementary for FY25.

The largest employer in Jasper County announced they are adding back 700 jobs by the end of the calendar year which has not happened yet. We are optimistic as this plant was closed and laid off 700 jobs in the previous 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, 2024**

	Governmental Activities	Business Type Activities	Total Primary Government
Assets			
Current assets:			
Cash and cash equivalents	\$ 19,729,072	1,626,402	21,355,474
Receivables:			
Property tax:			
Delinquent	87,787	-	87,787
Succeeding year	15,713,900	-	15,713,900
Income surtax	1,381,647	-	1,381,647
Accounts	57,508	2,080	59,588
Due from other governments	1,176,890	15,643	1,192,533
Inventories	-	12,134	12,134
Total current assets	<u>38,146,804</u>	<u>1,656,259</u>	<u>39,803,063</u>
Non-current assets:			
Capital assets:			
Land	996,689	-	996,689
Improvements other than buildings	10,670,529	-	10,670,529
Buildings and improvements	71,877,555	-	71,877,555
Vehicles, furniture and equipment	8,813,029	1,413,709	10,226,738
Right-to-use leased equipment	883,388	-	883,388
Construction in progress	787,356	-	787,356
Accumulated depreciation/amortization	(34,159,222)	(968,137)	(35,127,359)
Total capital assets	<u>59,869,324</u>	<u>445,572</u>	<u>60,314,896</u>
Total non-current assets	<u>59,869,324</u>	<u>445,572</u>	<u>60,314,896</u>
Total assets	<u>98,016,128</u>	<u>2,101,831</u>	<u>100,117,959</u>
Deferred outflows of resources			
Pension related deferred outflows	4,164,463	129,572	4,294,035
OPEB related deferred outflows	250,069	14,520	264,589
Total deferred outflows of resources	<u>4,414,532</u>	<u>144,092</u>	<u>4,558,624</u>
Liabilities			
Current liabilities:			
Accounts payable	1,863,712	14,003	1,877,715
Salaries and benefits payable	197,239	4,284	201,523
Unearned revenue	-	919	919
Incurred but not reported claims	455,657	-	455,657
Accrued interest payable	55,001	-	55,001
Lease agreements	32,331	-	32,331
General obligation bonds payable	1,570,000	-	1,570,000
Revenue bonds payable	520,000	-	520,000
Total OPEB liability	603,000	-	603,000
Compensated absences	52,687	2,336	55,023
Total current liabilities	<u>5,349,627</u>	<u>21,542</u>	<u>5,371,169</u>

Exhibit A

**Newton Community School District
Statement of Net Position
June 30, 2024**

	Governmental Activities	Business Type Activities	Total Primary Government
<i>Continued from previous page</i>			
Noncurrent liabilities:			
Lease agreements	257,537	-	257,537
General obligation bonds payable	16,347,063	-	16,347,063
Revenue bonds payable	2,468,209	-	2,468,209
Net pension liability	11,385,129	354,235	11,739,364
Total OPEB liability	351,478	55,422	406,900
Total noncurrent liabilities	30,809,416	409,657	31,219,073
Total liabilities	36,159,043	431,199	36,590,242
Deferred inflows of resources			
Property tax revenue for succeeding years	15,713,900	-	15,713,900
Pension related deferred inflows	523,552	16,290	539,842
OPEB related deferred inflows	203,437	11,813	215,250
Total deferred inflows of resources	16,440,889	28,103	16,468,992
Net position			
Net investment in capital assets	38,674,184	445,572	39,119,756
Restricted for:			
Categorical funding	34,748	-	34,748
Debt service	969,925	-	969,925
Management levy purposes	1,158,540	-	1,158,540
Student activities	593,527	-	593,527
School infrastructure	4,595,177	-	4,595,177
Physical plant and equipment levy	186,039	-	186,039
Unrestricted	3,618,588	1,341,049	4,959,637
Total net position	\$ 49,830,728	1,786,621	51,617,349

See notes to basic financial statements.

Exhibit B

Newton Community School District
Statement of Activities
Year ended June 30, 2024

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total Primary Government
Functions/Programs						
Governmental activities:						
Instruction:						
Regular	\$ 12,439,406	341,950	2,904,825	(9,192,631)	-	(9,192,631)
Special	6,109,455	77,136	1,600,772	(4,431,547)	-	(4,431,547)
Other	4,233,623	613,282	62,345	(3,557,996)	-	(3,557,996)
	<u>22,782,484</u>	<u>1,032,368</u>	<u>4,567,942</u>	<u>(17,182,174)</u>	<u>-</u>	<u>(17,182,174)</u>
Support services:						
Student	1,306,062	-	-	(1,306,062)	-	(1,306,062)
Instructional staff	3,856,396	-	1,089,964	(2,766,432)	-	(2,766,432)
Administration	4,337,438	-	-	(4,337,438)	-	(4,337,438)
Operation and maintenance of plant	7,167,509	17,102	-	(7,150,407)	-	(7,150,407)
Transportation	2,071,366	42,779	21,217	(2,007,370)	-	(2,007,370)
	<u>18,738,771</u>	<u>59,881</u>	<u>1,111,181</u>	<u>(17,567,709)</u>	<u>-</u>	<u>(17,567,709)</u>
Non-instructional programs	3,467	-	-	(3,467)	-	(3,467)
Other expenses:						
Interest (unallocated)	647,627	-	-	(647,627)	-	(647,627)
AEA flowthrough	1,442,022	-	1,442,022	-	-	-
	<u>2,089,649</u>	<u>-</u>	<u>1,442,022</u>	<u>(647,627)</u>	<u>-</u>	<u>(647,627)</u>
Total governmental activities	43,614,371	1,092,249	7,121,145	(35,400,977)	-	(35,400,977)
Business type activities:						
Support services:						
Operation and maintenance of plant	24,065	-	-	-	(24,065)	(24,065)
Non-instructional programs:						
Food service operations	2,124,688	576,555	1,445,263	-	(102,870)	(102,870)
Total business type activities	<u>2,148,753</u>	<u>576,555</u>	<u>1,445,263</u>	<u>-</u>	<u>(126,935)</u>	<u>(102,870)</u>
Total primary government	<u>\$ 45,763,124</u>	<u>1,668,804</u>	<u>8,566,408</u>	<u>(35,400,977)</u>	<u>(126,935)</u>	<u>(35,527,912)</u>

Exhibit B

Newton Community School District
Statement of Activities
Year ended June 30, 2024

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total Primary Government
<i>Totals continued from previous page</i>	\$ 45,763,124	1,668,804	8,566,408	\$ (35,400,977)	(126,935)	(35,527,912)
General Revenues:						
Property tax levied for:						
General purposes				12,302,504	-	12,302,504
Debt service				2,157,744	-	2,157,744
Capital outlay				1,063,117	-	1,063,117
Income surtax				1,707,211	-	1,707,211
Statewide sales, services and use tax (+)				3,896,229	-	3,896,229
Unrestricted state grants				19,774,829	-	19,774,829
Unrestricted investment earnings				886,712	68,673	955,385
Other				295,343	-	295,343
Total general revenues				42,083,689	68,673	42,152,362
Change in net position before transfers				6,682,712	(58,262)	6,624,450
Transfers:						
Transfers				48,871	(48,871)	-
Total transfers				48,871	(48,871)	-
Change in net position				6,731,583	(107,133)	6,624,450
Net position beginning of year				43,099,145	1,893,754	44,992,899
Net position end of year				\$ 49,830,728	1,786,621	51,617,349

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

See notes to basic financial statements.

Exhibit C

**Newton Community School District
Balance Sheet
Governmental Funds
June 30, 2024**

	General	Debt Service	Capital Projects	Management Levy	Non-major Governmental Funds	Total
Assets						
Cash, cash equivalents and pooled investments	\$ 7,373,648	451,591	5,371,311	1,137,132	631,880	14,965,562
Receivables:						
Property tax:						
Delinquent	56,714	11,635	5,733	13,705	-	87,787
Succeeding year	10,074,033	2,652,501	1,083,021	1,904,345	-	15,713,900
Income surtax	1,381,647	-	-	-	-	1,381,647
Accounts	49,375	-	-	7,703	430	57,508
Due from other governments	818,380	-	358,510	-	-	1,176,890
Total assets	\$ 19,753,797	3,115,727	6,818,575	3,062,885	632,310	33,383,294
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 1,280,020	300	392,338	-	38,783	1,711,441
Salaries and benefits payable	197,239	-	-	-	-	197,239
Total liabilities	1,477,259	300	392,338	-	38,783	1,908,680
Deferred inflows of resources:						
Unavailable revenues:						
Succeeding year property tax	10,074,033	2,652,501	1,083,021	1,904,345	-	15,713,900
Other	1,381,647	-	-	-	-	1,381,647
Total deferred inflows of resources	11,455,680	2,652,501	1,083,021	1,904,345	-	17,095,547
Fund balances:						
Restricted for:						
Categorical funding	34,748	-	-	-	-	34,748
Debt service	-	462,926	-	-	-	462,926
Revenue bond reserve	-	-	562,000	-	-	562,000
Management levy purposes	-	-	-	1,158,540	-	1,158,540
Student activities	-	-	-	-	593,527	593,527
School infrastructure	-	-	4,595,177	-	-	4,595,177
Physical plant and equipment	-	-	186,039	-	-	186,039
Unassigned	6,786,110	-	-	-	-	6,786,110
Total fund balances	6,820,858	462,926	5,343,216	1,158,540	593,527	14,379,067
Total liabilities, deferred inflows of resources and fund balances	\$ 19,753,797	3,115,727	6,818,575	3,062,885	632,310	33,383,294

See notes to basic financial statements.

Exhibit D**Newton Community School District
Reconciliation of the Balance Sheet
Governmental Funds To the Statement of Net Position
June 30, 2024**

Total fund balances of governmental funds (Exhibit C)	\$	14,379,067
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		59,869,324
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.		1,381,647
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.		4,155,582
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.		(55,001)
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	\$ 4,414,532	
Deferred inflows of resources	(726,989)	3,687,543
Long-term liabilities, including bonds and notes payable, compensated absences, total 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	\$ (289,868)	
General obligation bonds payable	(17,917,063)	
Revenue bonds payable	(2,988,209)	
Compensated absences	(52,687)	
Net pension liability	(11,385,129)	
Total OPEB liability	(954,478)	(33,587,434)
Net position of governmental activities (Exhibit A)	\$	<u>49,830,728</u>

See notes to basic financial statements.

Exhibit E

**Newton Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2024**

	General	Debt Service	Capital Projects	Management Levy	Non-major Governmental Funds	Total
Revenues:						
Local sources:						
Local tax	\$ 11,317,648	2,117,247	1,043,164	2,343,162	-	16,821,221
Tuition	305,495	-	-	-	-	305,495
Other	906,899	57,497	227,636	21,467	633,218	1,846,717
State sources	25,133,623	40,498	3,916,182	49,509	-	29,139,812
Federal sources	1,902,455	-	-	-	-	1,902,455
Total revenues	39,566,120	2,215,242	5,186,982	2,414,138	633,218	50,015,700
Expenditures:						
Current:						
Instruction	24,364,146	-	481,392	87,871	575,080	25,508,489
Support services:						
Student	1,295,711	-	-	10,351	-	1,306,062
Instructional staff	3,155,154	-	683,118	2,982	14,250	3,855,504
Administration	4,326,807	4,400	1,174	11,867	-	4,344,248
Operation and maintenance of plant	3,487,851	-	468,236	1,288,080	-	5,244,167
Transportation	1,545,343	-	386,238	105,819	34,650	2,072,050
	13,810,866	4,400	1,538,766	1,419,099	48,900	16,822,031
Non-instructional programs:						
Food service operations	-	-	-	3,467	-	3,467
Capital outlay:						
Facilities acquisition	-	-	2,055,217	-	-	2,055,217
Debt service:						
Principal	-	2,071,653	-	-	-	2,071,653
Interest and fiscal charges	-	732,256	-	-	-	732,256
	-	2,803,909	-	-	-	2,803,909
Intergovernmental:						
AEA flowthrough	1,442,022	-	-	-	-	1,442,022
Total expenditures	39,617,034	2,808,309	4,075,375	1,510,437	623,980	48,635,135
Excess (deficiency) of revenues over (under) expenditures	(50,914)	(593,067)	1,111,607	903,701	9,238	1,380,565
Other financing sources (uses):						
Lease proceeds	-	-	1,939	-	-	1,939
Sale of equipment	8,398	-	-	-	-	8,398
Compensation for loss of capital assets	436,095	-	-	-	-	436,095
Transfers in	48,871	689,052	-	-	-	737,923
Transfers out	-	-	(689,052)	-	-	(689,052)
Total other financing sources (uses)	493,364	689,052	(687,113)	-	-	495,303
Change in fund balances	442,450	95,985	424,494	903,701	9,238	1,875,868
Fund balances beginning of year	6,378,408	366,941	4,918,722	-	839,128	12,503,199
Nonmajor fund to major (See Note 18)	-	-	-	254,839	(254,839)	-
Fund balances end of year	\$ 6,820,858	462,926	5,343,216	1,158,540	593,527	14,379,067

See notes to basic 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, 2024**

Net change in fund balances - total governmental funds (Exhibit E) \$ 1,875,868

***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	\$ 2,608,323	
Loss on disposal of capital assets	(13,366)	
Depreciation/amortization expense	<u>(2,821,716)</u>	(226,759)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term 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:

Proceeds of bond, notes and lease principal	(1,939)	
Repayments of bond, notes and lease principal	2,071,653	
Amortization of premiums and discounts	<u>78,713</u>	2,148,427

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. 94,618

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. 1,227,098

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. 5,916

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. 2,213,661

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.

Compensated absences	1,288	
Pension expense	(646,096)	
OPEB expense	<u>37,562</u>	(607,246)

Change in net position of governmental activities (Exhibit B) \$ 6,731,583

See notes to basic financial statements.

Exhibit G

**Newton Community School District
Statement of Net Position
Proprietary Funds
June 30, 2024**

	Business Type Activities	Governmental Activities
	Major Enterprise Fund	Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,626,402	4,763,510
Receivables:		
Accounts	2,080	-
Due from other governments	15,643	-
Inventories	12,134	-
Total current assets	<u>1,656,259</u>	<u>4,763,510</u>
Non-current assets:		
Capital assets:		
Equipment	1,413,709	-
Accumulated depreciation	(968,137)	-
Total noncurrent assets	<u>445,572</u>	<u>-</u>
Total assets	<u>2,101,831</u>	<u>4,763,510</u>
Deferred Outflows of Resources		
Pension related deferred outflows	129,572	-
OPEB related deferred outflows	14,520	-
	<u>144,092</u>	<u>-</u>
Liabilities		
Current liabilities:		
Accounts payable	14,003	152,271
Salaries and benefits payable	4,284	-
Incurred but not reported claims	-	455,657
Compensated absences	2,336	-
Unearned revenues	919	-
Total current liabilities	<u>21,542</u>	<u>607,928</u>
Noncurrent liabilities:		
Net pension liability	354,235	-
Total OPEB liability	55,422	-
Total noncurrent liabilities	<u>409,657</u>	<u>-</u>
Total liabilities	<u>431,199</u>	<u>607,928</u>
Deferred Inflows of Resources		
Pension related deferred inflows	16,290	-
OPEB related deferred inflows	11,813	-
	<u>28,103</u>	<u>-</u>
Net Position		
Investment in capital assets	445,572	-
Unrestricted	1,341,049	4,155,582
Total net position	<u>\$ 1,786,621</u>	<u>4,155,582</u>

See notes to basic financial statements.

Exhibit H

**Newton Community School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2024**

	Business Type Activities	Governmental Activities
	Major Enterprise Fund	Internal Service Fund
Operating revenue:		
Local sources:		
Charges for services	\$ 576,555	4,118,966
Operating expenses:		
Support services:		
Instructional staff	-	54,968
Administration services	-	3,015,267
Operation and maintenance of plant	24,065	-
	<u>24,065</u>	<u>3,070,235</u>
Non-instructional programs:		
Food service operations:		
Salaries	654,374	-
Benefits	284,752	-
Supplies	1,085,545	-
Depreciation	91,516	-
Total operating expenses	<u>2,116,187</u>	<u>-</u>
	<u>2,140,252</u>	<u>3,070,235</u>
Operating income (loss)	<u>(1,563,697)</u>	<u>1,048,731</u>
Non-operating revenues:		
Interest on investments	68,673	178,367
State sources	11,809	-
Federal sources	1,433,454	-
Loss on disposal of capital assets	(8,501)	-
Total non-operating revenues	<u>1,505,435</u>	<u>178,367</u>
Income (loss) before transfers	(58,262)	1,227,098
Transfers:		
Transfers out	(48,871)	-
Total transfers	<u>(48,871)</u>	<u>-</u>
Change in net position	(107,133)	1,227,098
Net position beginning of year	<u>1,893,754</u>	<u>2,928,484</u>
Net position end of year	<u>\$ 1,786,621</u>	<u>4,155,582</u>

See notes to basic financial statements.

Exhibit I

**Newton Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2024**

	Business Type Activities	Governmental Activities
	Major Enterprise Fund	Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 540,115	-
Cash received from miscellaneous operating activities	27,142	4,118,966
Cash payments to employees for services	(990,042)	(3,115,362)
Cash payments to suppliers for goods or services	(976,051)	(56,730)
Net cash provided (used) by operating activities	<u>(1,398,836)</u>	<u>946,874</u>
Cash flows from non-capital financing activities:		
Transfers out	(48,871)	-
State grants received	11,809	-
Federal grants received	1,302,142	-
Net cash provided by non-capital financing activities	<u>1,265,080</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(31,658)	-
Net cash used by capital and related financing activities	<u>(31,658)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	68,673	178,367
Net increase (decrease) in cash and cash equivalents	(96,741)	1,125,241
Cash and cash equivalents at beginning of year	1,723,143	3,638,269
Cash and cash equivalents at end of year	<u>\$ 1,626,402</u>	<u>4,763,510</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (1,563,697)	1,048,731
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Commodities used	132,044	-
Depreciation	91,516	-
Increase in accounts receivable	(1,349)	-
Increase in inventories	(1,328)	-
Increase (decrease) in accounts payable	2,843	(12,132)
Decrease in salaries and benefits payable	(2,301)	-
Decrease in unearned revenue	(7,949)	-
Decrease in incurred but not reported claims payable	-	(89,725)
Increase in compensated absences	2,336	-
Decrease in other post employment benefits	(11,300)	-
Increase in net pension liability	46,208	-
Increase in deferred outflows of resources	(47,594)	-
Decrease in deferred inflows of resources	(38,265)	-
Net cash provided (used) by operating activities	<u>\$ (1,398,836)</u>	<u>946,874</u>
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:		
Current assets:		
Cash and investments	\$ 1,626,402	4,763,510
Cash and cash equivalents at year end	<u>\$ 1,626,402</u>	<u>4,763,510</u>
Non-cash investing, capital and financing activities:		
Noncapital financing activities, commodities received from the US Department of Agriculture	\$ 132,044	-

See notes to basic 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.

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

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.

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 and dental 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, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2023.

Income Surtax Receivable - Income surtax budgeted for the fiscal year ended June 30, 2024 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, 2024

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

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 assets that applies to future periods. 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, 2024. 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 assets that applies to future periods. 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, 2024, expenditures exceeded the amounts budgeted in the support services function.

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

As of June 30, 2024, the carrying amount of the District's bank deposits and pooled investments totaled \$21,355,474 with cash and cash equivalent balances of \$673,793 and investment balances of \$20,681,681. Of the balances, \$673,793 was covered by federal depository insurance and \$20,681,681 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, 2024, the District had investments in the following:

Newton Community School District
Notes to Financial Statements
June 30, 2024

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

Type	Amortized Cost/Fair Value
ISJIT	<u>\$ 20,681,681</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, 2024 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to 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, 2024, 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, 2024, \$20,681,681 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, 2024

(4) Transfers

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

	Transfer In		
	Governmental Activities		
	Debt		Total
	General	Service	
<u>Transfer Out</u>			
Governmental Activities:			
Capital Projects	\$ -	689,052	689,052
Business-type Activities:			
School Nutrition	48,871	-	48,871
Total	\$ 48,871	689,052	737,923

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.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2024 is as follows:

	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	2,921,754	1,682,501	3,816,899	787,356
Total capital assets not being depreciated/amortized	3,918,443	1,682,501	3,816,899	1,784,045
Capital assets being depreciated/amortized:				
Buildings	71,642,248	252,443	17,136	71,877,555
Improvements other than buildings	7,093,807	3,597,635	20,913	10,670,529
Furniture and equipment	8,034,341	890,705	112,017	8,813,029
Right-to-use leased equipment	881,450	1,938	-	883,388
Total capital assets being depreciated/amortized	87,651,846	4,742,721	150,066	92,244,501
Less accumulated depreciation/amortization for:				
Buildings	21,149,935	1,379,706	3,770	22,525,871
Improvements other than buildings	4,014,008	431,690	20,913	4,424,785
Furniture and equipment	6,029,539	742,537	112,017	6,660,059
Right to used leased equipment	280,724	267,783	-	548,507
Total accumulated depreciation/amortization	31,474,206	2,821,716	136,700	34,159,222
Total capital assets being depreciated/amortized, net	56,177,640	1,921,005	13,366	58,085,279
Governmental activities capital assets, net	\$ 60,096,083	3,603,506	3,830,265	59,869,324

Newton Community School District
Notes to Financial Statements
June 30, 2024

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
Business type activities:				
Furniture and equipment	\$ 1,397,039	31,658	14,988	1,413,709
Less accumulated depreciation	883,108	91,516	6,487	968,137
Business type activities capital assets, net	<u>\$ 513,931</u>	<u>(59,858)</u>	<u>8,501</u>	<u>445,572</u>

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

Governmental activities:

Instruction:

Regular	\$ 543,330
Other	56,510

Support services:

Instructional staff services	1,120
Operation and maintenance of plant	1,919,074
Transportation	301,682
Total depreciation/amortization expense - governmental activities	<u>\$ 2,821,716</u>

Business type activities:

Food services	<u>\$ 91,516</u>
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(6) **Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2024 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Lease agreements	\$ 329,582	1,939	41,653	289,868	32,331
General obligation bonds	19,115,000	-	1,525,000	17,590,000	1,570,000
Premiums	540,498	-	51,695	488,803	-
Discounts	(178,363)	-	(16,623)	(161,740)	-
Total general obligation bonds	<u>19,477,135</u>	<u>-</u>	<u>1,560,072</u>	<u>17,917,063</u>	<u>1,570,000</u>
Revenue bonds	3,275,000	-	505,000	2,770,000	520,000
Premiums	290,996	-	48,499	242,497	-
Discounts	(29,146)	-	(4,858)	(24,288)	-
Total revenue bonds	<u>3,536,850</u>	<u>-</u>	<u>548,641</u>	<u>2,988,209</u>	<u>520,000</u>
Net pension liability	9,900,015	1,485,114	-	11,385,129	-
Total OPEB liability	1,149,097	-	194,619	954,478	603,000
Compensated absences	53,975	52,687	53,975	52,687	52,687
Subtotal governmental activities	<u>34,446,654</u>	<u>1,539,740</u>	<u>2,398,960</u>	<u>33,587,434</u>	<u>2,778,018</u>
Business type activities:					
Net pension liability	\$ 308,027	46,208	-	354,235	-
Total OPEB liability	66,722	-	11,300	55,422	-
Compensated absences	-	2,336	-	2,336	2,336
Subtotal business type activities	<u>374,749</u>	<u>48,544</u>	<u>11,300</u>	<u>411,993</u>	<u>2,336</u>
Total	<u>\$ 34,821,403</u>	<u>1,588,284</u>	<u>2,410,260</u>	<u>33,999,427</u>	<u>2,780,354</u>

Newton Community School District
Notes to Financial Statements
June 30, 2024

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

Lease Agreements

On April 1, 2020, the District entered into a lease agreement for copiers and printers. 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, 2024, principal and interest paid were \$41,050 and \$1,116, respectively.

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2025	2.08%	\$ 31,353	272	31,625

On October 9, 2023, the District entered into a lease agreement for a copier. The agreement requires monthly payments of \$92.00 over 2 years with an implicit interest rate of 14.00% and final payment due October 1, 2025. During the year ended June 30, 2024, principal and interest paid were \$603 and \$133, respectively.

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2025	14.00%	\$ 978	126	1,104
2026	14.00%	358	11	369
		\$ 1,336	137	1,473

On September 26, 2022, the District entered into a lease agreement for MacBook computers. The agreement requires the district to pay one-time payment on November 1, 2025 or return the devices as part of a guaranteed buy back finance program. The district anticipates paying the one-time payment with an implicit interest rate of 4.76%. During the year ended June 30, 2024, principal and interest paid were \$0 and \$0, respectively.

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2026	4.76%	\$ 257,179	38,501	295,680

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, 2024 general obligation bonded indebtedness are as follows:

Year Ending June 30,	December 22, 2016 Issue			April 12, 2017 Issue		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
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	3.00%	695,000	111,000	3.00%	555,000	157,975
2029	3.00%	720,000	90,150	3.00%	570,000	141,325
2030-2034	3.00%	2,285,000	138,450	3.00-3.50%	3,125,000	434,887
2035		-	-	3.50%	685,000	23,975
Total		\$ 5,675,000	\$ 792,130		\$ 6,495,000	\$ 1,326,587

Newton Community School District
Notes to Financial Statements
June 30, 2024

(6) *Long-Term Liabilities (continued from previous page)*
General Obligation Bonds (continued from previous page)

Year Ending June 30,	March 13, 2018 Issue			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
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	3.00%	465,000	130,232	1,715,000	399,207	2,114,207
2029	3.00%	475,000	116,281	1,765,000	347,756	2,112,756
2030-2034	3.00-3.375%	3,165,000	342,982	8,575,000	916,319	9,491,319
2035		-	-	685,000	23,975	708,975
Total		\$ 5,420,000	1,059,988	\$ 17,590,000	3,178,705	20,768,705

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, 2024 general obligation bonded indebtedness are as follows:

Year Ending June 30,	August 23, 2018 Issue			
	Interest Rates	Principal	Interest	Total
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	3.00%	570,000	34,800	604,800
2029	3.00%	590,000	17,700	607,700
Total		\$ 2,770,000	319,650	3,089,650

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 \$2,770,000. For the current year, principal of \$505,000 and interest of \$140,550 was paid on the bonds and total statewide sales and services tax revenues were \$3,896,229.

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.

Newton Community School District
Notes to Financial Statements
June 30, 2024

(6) *Long-Term Liabilities (continued from previous page)*
Revenue Bonds (continued from previous page)

- 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, 2024.

(7) **Pension Plan**

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by 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 2024, 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, 2024

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

The District's contributions to IPERS for the year ended June 30, 2024 were \$2,213,661.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2024, the District reported a liability of \$11,739,364 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the net pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2023, the District's collective proportion was 0.254416%, which was a decrease of 0.00279% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$997,528. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expensed and actual experience	\$ 993,166	48,253
Changes of assumptions	-	186
Net difference between projected and actual earnings on pension plan investments	1,087,208	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	491,403
Entity contributions subsequent to the measurement date	2,213,661	-
Total	\$ 4,294,035	539,842

\$2,213,661 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2025	\$ (520,203)
2026	(1,033,740)
2027	2,581,377
2028	452,968
2029	60,130
Total	\$ 1,540,532

There were no non-employer contributing entities at IPERS.

Newton Community School District
Notes to Financial Statements
June 30, 2024

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

Actuarial Assumptions - The net pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

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

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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	21.0%	4.56%
International Equity	16.5%	6.22%
Global Smart Beta Equity	5.0%	5.22%
Core Plus Fixed Income	23.0%	2.69%
Public Credit	3.0%	4.38%
Cash	1.0%	1.59%
Private Equity	17.0%	10.44%
Private Real Assets	9.0%	3.88%
Private Credit	4.5%	4.60%
Total	100.0%	

Discount Rate - The discount rate used to measure the net 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 net pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, 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.

Newton Community School District
Notes to Financial Statements
June 30, 2024

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

	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	\$24,960,503	\$11,739,364	\$659,831

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.

(8) 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, 2024 there are 331 active and 23 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 \$1,009,900 was measured as of June 30, 2024, and was determined by an actuarial valuation as of that date.

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

Rate of inflation (effective June 30, 2024)	2.50% per annum.
Rates of salary increase (effective June 30, 2024)	3.25% per annum. including inflation.
Discount rate (effective June 30, 2024)	3.65% compounded annually including inflation.
Healthcare cost trend rate (effective June 30, 2024)	5.00% initial rate.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.65% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/A+ 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, 2024 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, 2024

(8) *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	\$ 1,215,819
Changes for the year:	
Service cost	65,766
Interest	36,173
Difference between expected and actual experiences	(26,707)
Changes in assumptions	(116,068)
Benefit payments	(165,083)
Net changes	<u>(205,919)</u>
Total OPEB liability end of year	<u>\$ 1,009,900</u>

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

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 (2.65%) or 1% higher (3.65%) than the current discount rate.

	<u>1% Decrease (2.65%)</u>	<u>Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Total OPEB liability	\$1,059,052	\$1,009,900	\$914,164

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	\$898,755	\$1,009,900	\$1,080,743

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended June 30, 2024, the District recognized OPEB expense of \$134,886. At June 30, 2024, the District reported deferred outflows/inflows of resources related to OPEB from the following resources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ 110,789	24,997
Changes of assumptions	104,461	239,592
Total	<u>\$ 215,250</u>	<u>264,589</u>

Newton Community School District
Notes to Financial Statements
June 30, 2024

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

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
2025	\$ 23,402
2026	23,402
2027	23,402
2028	23,402
2029	9,290
Thereafter	(53,559)
Total	\$ 49,339

(9) **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, 2024, 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 \$100,000 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.

Changes in the balances of claims payable during the year ended June 30, 2024 is as follows:

	2024	2023
Unpaid claims at beginning of year	\$ 545,382	490,140
Incurred claims	2,947,988	4,522,321
Payment	3,037,713	4,467,079
Unpaid claims at end of year	\$ 455,657	545,382

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.

Newton Community School District
Notes to Financial Statements
June 30, 2024

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

Self-Funded Dental Insurance Plan

The District began a self-funded dental insurance plan starting July 1, 2022. The District utilizes the internal service fund to account for premium and claim payments for a self-insured group dental insurance plan for the District's employees to meet potential losses from medical claims. District payables were booked at the end of the year. There were not incurred but not reported claims reported.

(10) 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 \$1,442,022 for the year ended June 30, 2024 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

(11) 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, 2024 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	\$132,077
City of Kellogg	Urban renewal and economic development projects	61,767
Total		<u>\$193,844</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, 2024, this reimbursement amounted to \$82,991.

(12) Construction Commitments

The District has active construction projects as of June 30, 2024. The projects include construction on the Newton High School Center for Performance lighting update project, Thomas Jefferson Elementary addition and renovation project and the Aurora Heights Elementary addition and renovation project. At the end of the year, the District paid \$787,356 with \$20,743,312 of outstanding contract agreements to be paid upon completion of the capital projects.

(13) Contingent Liabilities

As of June 30, 2024, the District does not have any contingent liabilities.

Newton Community School District
Notes to Financial Statements
June 30, 2024

(14) 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.

(15) 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, 2024.

Program	Amount
Educator quality, professional development	\$ 34,748
Total restricted categorical funding	<u>\$ 34,748</u>

(16) Due from Other Governments

Amount due from other governments by Fund as of June 30, 2024 are as follows:

	Governmental Activities		Business Type	Grand Total
	General Fund	Capital Projects Fund	Major Enterprise Funds	
Local sources:				
Tuition	\$ 86,787	-	-	86,787
	<u>86,787</u>	<u>-</u>	<u>-</u>	<u>86,787</u>
State sources:				
Non-public transportation	21,217	-	-	21,217
Foster care claim	33,605	-	-	33,605
Statewide sales, services and use tax	-	358,510	-	358,510
	<u>54,822</u>	<u>358,510</u>	<u>-</u>	<u>413,332</u>
Federal sources:				
Title I	276,319	-	-	276,319
Title I SINA	26,805	-	-	26,805
Supporting effective instruction	41,126	-	-	41,126
Title IV	5,818	-	-	5,818
Carrer and technical education	14,630	-	-	14,630
TPRA	199,037	-	-	199,037
Stronger Connections	67,027	-	-	67,027
Summer Reading Camp	37,711	-	-	37,711
High cost claim reimbursement	8,298	-	-	8,298
Summer food service program	-	-	15,643	15,643
	<u>676,771</u>	<u>-</u>	<u>15,643</u>	<u>692,414</u>
Total due from other governments	<u>\$ 818,380</u>	<u>358,510</u>	<u>15,643</u>	<u>1,192,533</u>

(17) Subsequent Event

The district issued \$9,500,000 in Statewide Sales, Services and Use Tax Revenue Bonds on September 23, 2024. The bond proceeds will be used to finance construction costs for the Thomas Jefferson and Aurora Heights Elementary additions and renovation projects. Thomas Jefferson and Aurora Heights Elementary schools are anticipated to be completed and open for students in August 2026. On September 30, 2024 the board approved the construction contract with Bi-State Contracting for \$5,492,748 for the Thomas Jefferson Elementary addition and renovation project. On October 28, 2024 the board approved the construction contract with Graphite Construction Group for \$12,895,000 for the Aurora Heights Elementary addition and renovation project.

(18) Restatement and Adjustments of Beginning Net Position and Fund Balances

During the year ended June 30, 2024, the district's Management Levy Special Revenue Fund was changed from a nonmajor governmental fund to a major governmental fund, resulting in a reduction of the beginning fund balance for the nonmajor governmental funds of \$254,839.

During the year ended, June 30, 2024, changes to or within the financial reporting entity and changes in accounting principle resulted in restatement and adjustments as follows:

	Management Levy	Nonmajor Governmental
June 30, 2023, as previously reported	\$ -	839,128
Change from nonmajor to major	254,839	(254,839)
June 30, 2023, as adjusted or restated	<u>\$ 254,839</u>	<u>584,289</u>

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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, 2024

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance- Positive (Negative)
Revenues:						
Local sources	\$ 18,973,433	645,228	19,618,661	18,579,249	18,579,249	1,039,412
State sources	29,139,812	11,809	29,151,621	28,699,731	28,699,731	451,890
Federal sources	1,902,455	1,433,454	3,335,909	3,265,347	3,265,347	70,562
Total revenues	50,015,700	2,090,491	52,106,191	50,544,327	50,544,327	1,561,864
Expenditures/Expenses:						
Instruction	25,508,489	-	25,508,489	26,148,351	26,500,000	991,511
Support services	16,822,031	24,065	16,846,096	15,633,098	16,200,000	(646,096)
Non-instructional programs	3,467	2,124,688	2,128,155	2,100,403	2,354,102	225,947
Other expenditures	6,301,148	-	6,301,148	8,765,245	8,765,245	2,464,097
Total expenditures/expenses	48,635,135	2,148,753	50,783,888	52,647,097	53,819,347	3,035,459
Excess (deficiency) of revenues over (under) expenditures/expenses	1,380,565	(58,262)	1,322,303	(2,102,770)	(3,275,020)	4,597,323
Other financing sources (uses), net	495,303	(48,871)	446,432	2,275	2,275	444,157
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	1,875,868	(107,133)	1,768,735	(2,100,495)	(3,272,745)	5,041,480
Balances beginning of year	12,503,199	1,893,754	14,396,953	13,597,708	13,597,708	799,245
Balances end of year	\$ 14,379,067	1,786,621	16,165,688	11,497,213	10,324,963	5,840,725

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 \$1,172,250.

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, 2024, 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 \$1,442,022 for the year ended June 30, 2024.

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

	2024	2023	2022	2021	2020
District's proportion of the net pension liability	0.254416%	0.257188%	0.260195%	0.270506%	0.275361%
District's proportionate share of the net pension liability	\$11,739	\$10,208	\$365	\$18,870	\$15,945
District's covered payroll	\$22,935	\$21,761	\$21,118	\$21,314	\$20,964
District's proportionate share of the net pension liability as a percentage of its covered payroll	51.18%	46.91%	1.73%	88.53%	76.06%
IPERS' net position as a percentage of the net pension liability	90.13%	91.40%	100.81%	82.90%	85.45%

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

See accompanying independent auditor's report.

2019	2018	2017	2016	2015
0.282613%	0.285147%	0.280823%	0.292375%	0.303165%
\$17,884	\$18,994	\$17,673	\$14,445	\$12,023
\$21,244	\$21,285	\$20,153	\$20,030	\$19,841
84.18%	89.24%	87.69%	72.12%	60.60%
83.62%	82.21%	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

	2024	2023	2022	2021
Statutorily required contribution	\$2,156	\$2,165	\$2,054	\$1,994
Contributions in relation to the statutorily required contribution	(2,156)	(2,165)	(2,054)	(1,994)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
District's covered payroll	\$22,839	\$22,935	\$21,761	\$21,118
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
\$2,012	\$1,979	\$1,897	\$1,901	\$1,800	\$1,789
(2,012)	(1,979)	(1,897)	(1,901)	(1,800)	(1,789)
\$0	\$0	\$0	\$0	\$0	\$0
\$21,314	\$20,964	\$21,244	\$21,285	\$20,153	\$20,030
9.44%	9.44%	8.93%	8.93%	8.93%	8.93%

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Newton Community School District
Notes to Required Supplementary Information – Pension Liability
Year ended June 30, 2024

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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

	2024	2023	2022	2021
Service cost	\$ 65,766	\$ 73,709	\$ 71,389	\$ 55,317
Interest Cost	36,173	26,180	25,817	41,431
Difference between expected and actual experiences	(26,707)	0	(103,567)	0
Changes in assumptions	(116,068)	0	117,282	0
Benefit payments	(165,083)	(67,494)	(97,608)	(110,118)
Net change in total OPEB liability	\$ (205,919)	\$ 32,395	\$ 13,313	\$ (13,370)
Total OPEB liability beginning of year	\$ 1,215,819	\$ 1,183,424	\$ 1,170,111	\$ 1,183,481
Total OPEB liability end of year	\$ 1,009,900	\$ 1,215,819	\$ 1,183,424	\$ 1,170,111
Covered payroll	\$ 17,348,146	\$ 16,756,582	\$ 16,229,135	\$ 18,715,811
Total OPEB liability as a percentage of covered-employee payroll	5.82%	7.26%	7.29%	6.25%

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, 2024	3.65%
Year ended June 30, 2023	2.14%
Year ended June 30, 2022	2.14%
Year ended June 30, 2021	3.50%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.72%
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.

	2020	2019	2018
\$	53,576	\$ 48,021	\$ 48,052
	42,229	32,723	33,764
	50,502	(23,302)	(24,419)
	321,171	0	0
	(130,591)	(80,118)	(85,721)
\$	336,887	\$ (22,676)	\$ (28,324)
\$	846,594	\$ 869,270	\$ 897,594
\$	1,183,481	\$ 846,594	\$ 869,270
\$	18,126,693	\$ 21,314,248	\$ 20,963,676
	6.53%	3.97%	4.15%

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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.

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, 2024

	<u>Special Revenue</u>	<u>Student Activity</u>
Assets		
Current assets:		
Cash, cash equivalents and pooled investments	\$	631,880
Receivables:		
Accounts		430
Total assets	<u>\$</u>	<u>632,310</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Current liabilities:		
Accounts payable	<u>\$</u>	<u>38,783</u>
Total liabilities		<u>38,783</u>
Fund balances:		
Restricted for:		
Student activities		<u>593,527</u>
Total fund balances		<u>593,527</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$</u>	<u>632,310</u>

See accompanying independent auditor's report.

Schedule 2

**Newton Community School District
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 Year ended June 30, 2024**

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Other	\$ -	633,218	633,218
Total revenues	-	633,218	633,218
Expenditures:			
Current:			
Instruction	-	575,080	575,080
Support services:			
Instructional staff	-	14,250	14,250
Transportation	-	34,650	34,650
Total expenditures	-	623,980	623,980
Change in fund balances	-	9,238	9,238
Fund balances beginning of year	254,839	584,289	839,128
Nonmajor fund to major (See Note 18)	(254,839)	-	(254,839)
Fund balances end of year	\$ -	593,527	593,527

See accompanying independent auditor's report.

Schedule 3

Newton Community School District
 Combining Balance Sheet
 Capital Projects Fund Accounts
 June 30, 2024

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Current assets:			
Cash, cash equivalents and pooled investments	\$ 5,174,316	196,995	5,371,311
Receivables:			
Property tax:			
Current year	-	5,733	5,733
Succeeding year	-	1,083,021	1,083,021
Due from other governments	358,510	-	358,510
Total assets	\$ 5,532,826	1,285,749	6,818,575
Liabilities, Deferred Inflows of Resources and Fund Balances			
Current liabilities:			
Accounts payable	\$ 375,649	16,689	392,338
Total liabilities	375,649	16,689	392,338
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	1,083,021	1,083,021
Total deferred inflows of resources	-	1,083,021	1,083,021
Fund balances:			
Restricted for:			
Revenue bond reserve	562,000	-	562,000
School infrastructure	4,595,177	-	4,595,177
Physical plant and equipment	-	186,039	186,039
Total fund balances	5,157,177	186,039	5,343,216
Total liabilities, deferred inflows of resources and fund balances	\$ 5,532,826	1,285,749	6,818,575

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, 2024**

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	1,043,164	1,043,164
Other	218,936	8,700	227,636
State sources	3,896,229	19,953	3,916,182
Total revenues	<u>4,115,165</u>	<u>1,071,817</u>	<u>5,186,982</u>
Expenditures:			
Current:			
Instruction	395,947	85,445	481,392
Support services:			
Instructional staff	594,943	88,175	683,118
Administration	563	611	1,174
Operation and maintenance of plant	285,864	182,372	468,236
Transportation	357,721	28,517	386,238
Other expenditures:			
Facilities acquisition	1,111,335	943,882	2,055,217
Total expenditures	<u>2,746,373</u>	<u>1,329,002</u>	<u>4,075,375</u>
Excess (deficiency) of revenues over (under) expenditures	1,368,792	(257,185)	1,111,607
Other financing sources (uses):			
Lease proceeds	-	1,939	1,939
Transfers out	(646,150)	(42,902)	(689,052)
Total other financing sources (uses)	<u>(646,150)</u>	<u>(40,963)</u>	<u>(687,113)</u>
Change in fund balances	722,642	(298,148)	424,494
Fund balances beginning of year	<u>4,434,535</u>	<u>484,187</u>	<u>4,918,722</u>
Fund balances end of year	<u>\$ 5,157,177</u>	<u>186,039</u>	<u>5,343,216</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, 2024**

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Aurora Heights Elementary	\$ 1,236	47	-	1,283
Emerson Hough Elementary	2,627	100	-	2,727
Woodrow Wilson Elementary	858	33	-	891
Thomas Jefferson Elementary	9,526	362	-	9,888
<u>Berg Middle School:</u>				
Vocal Music	2,711	-	461	2,250
Band	2,950	5,668	6,672	1,946
Athletics	2,023	-	-	2,023
FFA	3,873	315	-	4,188
Yearbook	3,161	2,790	2,873	3,078
Other Clubs	18,202	4,181	5,501	16,882
<u>Newton High School:</u>				
Athletics	258,839	444,069	429,398	273,510
Drama	20,492	7,110	3,822	23,780
Vocal Music	6,358	2,483	3,916	4,925
Band	-	5,326	4,194	1,132
Color Guard	1,057	-	1,057	-
Art Club	8,557	1,724	140	10,141
Concession	40,179	34,029	54,806	19,402
DECA	3,436	1,485	2,702	2,219
FFA	126,560	74,262	67,327	133,495
Community Service Club Day	2,544	4,750	7,056	238
Hero	418	200	186	432
Newtonia Yearbook	7,490	3,186	4,218	6,458
Fledge	421	-	-	421
Courtyard Crew	-	513	-	513
Student Council	35,456	19,474	13,727	41,203
IT Club	664	1,417	1,553	528
Special Olympics Club	9,525	9,242	7,542	11,225
Cardinal TV	1,313	-	-	1,313
Clothing Closet	9,139	7,073	3,879	12,333
Gay/Straight Alliance	521	-	270	251
Environmental Club	422	-	-	422
Feminism Club	187	-	-	187
FCA Club	473	450	-	923
HOSO Club	3,071	-	-	3,071
FCCLA Club	-	2,929	2,680	249
Total	\$ 584,289	633,218	623,980	593,527

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				
	2024	2023	2022	2021	2020
Revenues:					
Local sources:					
Local tax	\$ 16,821,221	\$ 15,582,858	\$ 14,900,315	\$ 14,727,805	\$ 13,557,906
Tuition	305,495	386,178	224,541	196,828	249,601
Other	1,846,717	1,944,212	1,033,635	776,308	957,412
Intermediate sources	-	-	-	-	260
State sources	29,139,812	27,715,390	26,577,256	25,400,106	25,279,696
Federal sources	1,902,455	3,457,559	3,932,812	2,982,598	1,501,892
Total	<u>\$ 50,015,700</u>	<u>\$ 49,086,197</u>	<u>\$ 46,668,559</u>	<u>\$ 44,083,645</u>	<u>\$ 41,546,767</u>
Expenditures:					
Instruction	\$ 25,508,489	\$ 26,567,104	\$ 24,021,702	\$ 23,235,857	\$ 22,726,910
Support services:					
Student	1,306,062	1,237,789	1,179,403	1,490,517	1,414,030
Instructional staff	3,855,504	3,671,483	3,375,447	2,808,800	2,609,511
Administration	4,344,248	4,019,642	3,977,058	3,846,304	3,799,615
Operation and maintenance of plant	5,244,167	4,970,142	4,240,078	3,767,129	3,629,660
Transportation	2,072,050	2,097,302	1,508,963	1,486,006	1,876,540
Non-instructional programs	3,467	11,064	8,777	4,378	5,141
Other expenditures:					
Capital outlay:					
Facilities acquisition	2,055,217	4,313,919	1,866,517	1,383,615	3,261,647
Debt Service:					
Principal	2,071,653	2,439,402	1,954,379	1,865,000	1,810,000
Interest and other charges	732,256	802,116	869,993	932,556	995,956
AEA flowthrough	1,442,022	1,404,460	1,372,711	1,354,782	1,320,425
Total	<u>\$ 48,635,135</u>	<u>\$ 51,534,423</u>	<u>\$ 44,375,028</u>	<u>\$ 42,174,944</u>	<u>\$ 43,449,435</u>

See accompanying independent auditor's report.

	2019	2018	2017	2016	2015
\$	12,747,441	\$ 12,361,889	11,931,275	11,485,702	10,949,670
	295,235	290,618	218,739	180,051	227,024
	1,335,679	1,543,826	1,089,032	920,488	845,095
	330	3,404	12,389	565	969
	25,336,380	23,375,171	23,191,801	21,735,408	21,898,965
	1,241,407	1,053,612	1,076,666	1,001,505	994,299
\$	40,956,472	\$ 38,628,520	37,519,902	35,323,719	34,916,022
\$	23,344,465	\$ 22,152,961	21,117,572	20,980,271	20,400,924
	1,416,552	1,370,810	1,365,468	1,205,896	1,209,626
	2,301,606	2,349,045	2,539,441	1,596,855	1,517,051
	3,558,571	3,591,407	3,506,550	3,227,280	3,329,081
	3,208,350	3,172,634	3,165,493	3,104,407	3,048,058
	1,469,337	1,108,838	1,233,408	1,061,957	1,245,390
	3,126	3,527	4,747	4,729	5,679
	9,749,498	20,043,477	3,763,511	3,488,651	808,928
	1,720,000	1,435,000	2,055,000	1,275,000	2,945,000
	1,040,007	632,758	347,588	103,011	181,813
	1,302,127	1,232,784	1,190,282	1,189,469	1,189,763
\$	49,113,639	\$ 57,093,241	40,289,060	37,237,526	35,881,313

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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.	82-98
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax.	99-102
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.	103-108
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.	109-113
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.	114-117

Schedule 1
Newton Community School District

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

	Fiscal Year				
	2024	2023	2022	2021	2020
Governmental activities:					
Net investment in capital assets	\$ 38,674,184	\$ 36,752,516	\$ 31,667,513	\$ 30,520,194	\$ 32,932,091
Restricted	7,537,956	6,481,793	8,332,484	7,560,626	8,162,361
Unrestricted	3,618,588	(135,164)	(4,847,925)	(11,315,336)	(12,438,089)
Total governmental activities net position	\$ 49,830,728	\$ 43,099,145	\$ 35,152,072	\$ 26,765,484	\$ 28,656,363
Business-type activities:					
Net investment in capital assets	\$ 445,572	\$ 513,931	\$ 564,048	\$ 652,310	\$ 707,641
Restricted	-	-	-	-	-
Unrestricted	1,341,049	1,379,823	1,676,156	442,444	23,222
Total business-type activities net position	\$ 1,786,621	\$ 1,893,754	\$ 2,240,204	\$ 1,094,754	\$ 730,863
Primary government:					
Net investment in capital assets	\$ 39,119,756	\$ 37,266,447	\$ 32,231,561	\$ 31,172,504	\$ 33,639,732
Restricted	7,537,956	6,481,793	8,332,484	7,560,626	8,162,361
Unrestricted	4,959,637	1,244,659	(3,171,769)	(10,872,892)	(12,414,867)
Total primary government net position	\$ 51,617,349	\$ 44,992,899	\$ 37,392,276	\$ 27,860,238	\$ 29,387,226

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				
2019	2018	2017	2016	2015
\$ 32,002,971	\$ 32,843,246	\$ 30,388,683	\$ 28,328,906	\$ 24,880,480
8,383,603	6,578,546	5,953,873	5,638,950	6,541,514
(12,657,816)	(13,620,916)	(13,080,633)	(12,374,760)	(12,250,639)
<u>\$ 27,728,758</u>	<u>\$ 25,800,876</u>	<u>\$ 23,261,923</u>	<u>\$ 21,593,096</u>	<u>\$ 19,171,355</u>
\$ 779,802	\$ 268,482	\$ 262,819	\$ 290,378	\$ 257,514
-	-	-	-	-
(64,613)	(50,193)	15,776	47,465	76,392
<u>\$ 715,189</u>	<u>\$ 218,289</u>	<u>\$ 278,595</u>	<u>\$ 337,843</u>	<u>\$ 333,906</u>
\$ 32,782,773	\$ 33,111,728	\$ 30,651,502	\$ 28,619,284	\$ 25,137,994
8,383,603	6,578,546	5,953,873	5,638,950	6,541,514
(12,722,429)	(13,671,109)	(13,064,857)	(12,327,295)	(12,174,247)
<u>\$ 28,443,947</u>	<u>\$ 26,019,165</u>	<u>\$ 23,540,518</u>	<u>\$ 21,930,939</u>	<u>\$ 19,505,261</u>

Schedule 2
Newton Community School District

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

	Fiscal Year				
	2024	2023	2022	2021	2020
Expenses:					
Governmental activities:					
Instruction	\$ 22,782,484	\$ 21,165,087	\$ 19,373,051	\$ 25,123,125	\$ 23,372,936
Student services	1,306,062	1,237,789	1,179,403	1,490,517	1,414,969
Instructional staff services	3,856,396	3,674,948	3,371,604	2,811,130	2,609,511
Administration services	4,337,438	4,021,594	4,007,995	3,860,126	3,799,615
Operation and maintenance of plant	7,167,509	6,741,850	6,687,713	8,129,014	5,256,517
Pupil transportation services	2,071,366	2,227,137	1,555,125	1,191,456	1,984,442
Non-instructional programs	3,467	11,064	8,777	4,378	5,141
Facilities acquisition	-	-	-	-	-
Interest on long-term debt	647,627	717,640	785,693	848,397	990,673
AEA flowthrough	1,442,022	1,404,460	1,372,711	1,354,782	1,320,425
Depreciation (unallocated)	-	-	-	-	-
Total governmental activities expenses	43,614,371	41,201,569	38,342,072	44,812,925	40,754,229
Business-type activities:					
Nutrition services	2,148,753	2,465,277	1,296,960	1,863,338	1,655,396
Total business-type activities expenses	2,148,753	2,465,277	1,296,960	1,863,338	1,655,396
Total primary government expenses	\$ 45,763,124	\$ 43,666,846	\$ 39,639,032	\$ 46,676,263	\$ 42,409,625
Program revenues:					
Governmental activities:					
Charges for services:					
Instruction	\$ 1,032,368	\$ 1,119,972	\$ 922,742	\$ 797,364	\$ 814,515
Support services	59,881	54,765	42,023	19,729	37,521
Operating grants and contributions	7,121,145	8,381,966	8,786,623	7,741,002	6,154,161
Capital grants and contributions	-	-	80,087	-	-
Total governmental activities program revenues	8,213,394	9,556,703	9,831,475	8,558,095	7,006,197

(Continued on the following page.)

		Fiscal Year							
		2019	2018	2017	2016	2015			
\$	23,696,697	\$	22,735,545	\$	21,162,668	\$	20,916,334	\$	20,038,808
	1,417,491		1,396,249		1,365,501		1,184,115		1,198,470
	2,301,606		2,241,209		2,495,663		1,513,817		1,476,995
	3,558,571		3,577,521		3,458,968		3,141,442		3,330,067
	4,264,837		3,119,339		3,086,315		2,869,002		2,934,703
	1,394,681		1,276,113		1,212,545		1,183,716		1,179,156
	3,126		3,527		4,747		4,729		5,679
	-		-		1,185,712		107,687		117,851
	613,831		627,891		455,955		99,299		175,715
	1,302,127		1,232,784		1,190,282		1,189,469		1,189,763
	-		1,097,166		1,030,430		959,248		937,935
	38,552,967		37,307,344		36,648,786		33,168,858		32,585,142
	1,743,953		1,713,383		1,741,671		1,565,943		1,566,874
	1,743,953		1,713,383		1,741,671		1,565,943		1,566,874
\$	40,296,920	\$	39,020,727	\$	38,390,457	\$	34,734,801	\$	34,152,016
\$	1,066,606	\$	1,125,896	\$	973,935	\$	818,684	\$	843,409
	54,432		53,088		57,667		50,634		40,668
	5,853,361		5,472,801		5,373,945		4,371,368		4,353,910
	-		-		-		-		-
	6,974,399		6,651,785		6,405,547		5,240,686		5,237,987

Schedule 2
Newton Community School District

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

	Fiscal Year				
	2024	2023	2022	2021	2020
Business-type activities:					
Charges for services:					
Nutrition	576,555	552,724	110,065	87,594	411,148
Operating grants and contributions	1,445,263	1,551,742	2,371,406	1,777,745	1,308,118
Capital grants and contributions	-	-	-	-	-
Total business-type program revenues	2,021,818	2,104,466	2,481,471	1,865,339	1,719,266
Total primary government program revenues	\$ 10,235,212	\$ 11,661,169	\$ 12,312,946	\$ 10,423,434	\$ 8,725,463
Net (expense) revenue:					
Governmental activities	\$ (35,400,977)	\$ (31,644,866)	\$ (28,510,597)	\$ (36,254,830)	\$ (33,748,032)
Business-type activities	(126,935)	(360,811)	1,184,511	2,001	63,870
Total primary government net expense	\$ (35,527,912)	\$ (32,005,677)	\$ (27,326,086)	\$ (36,252,829)	\$ (33,684,162)

(Continued on the following page.)

Fiscal Year				
2019	2018	2017	2016	2015
521,850	549,405	581,707	566,954	548,425
1,216,923	1,156,325	1,099,738	1,002,737	982,416
-	-	-	-	-
1,738,773	1,705,730	1,681,445	1,569,691	1,530,841
<u>\$ 8,713,172</u>	<u>\$ 8,357,515</u>	<u>\$ 8,086,992</u>	<u>\$ 6,810,377</u>	<u>\$ 6,768,828</u>
<u>\$ (31,578,568)</u>	<u>\$ (30,655,559)</u>	<u>\$ (30,243,239)</u>	<u>\$ (27,928,172)</u>	<u>\$ (27,347,155)</u>
(5,180)	(7,653)	(60,226)	3,748	(36,033)
<u>\$ (31,583,748)</u>	<u>\$ (30,663,212)</u>	<u>\$ (30,303,465)</u>	<u>\$ (27,924,424)</u>	<u>\$ (27,383,188)</u>

Schedule 2
Newton Community School District

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

	Fiscal Year				
	2024	2023	2022	2021	2020
Net (expense) revenue:					
Governmental activities	\$ (35,400,977)	\$ (31,644,866)	\$ (28,510,597)	\$ (36,254,830)	\$ (33,748,032)
Business-type activities	(126,935)	(360,811)	1,184,511	2,001	63,870
Total primary government net expense	(35,527,912)	(32,005,677)	(27,326,086)	(36,252,829)	(33,684,162)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes levied for general purposes	12,302,504	11,079,516	10,776,845	10,655,647	9,686,452
Property taxes levied for debt service	2,157,744	2,120,497	2,151,992	2,118,930	2,139,442
Property taxes levied for capital outlay	1,063,117	971,688	919,406	903,715	562,693
Income surtax	1,707,211	1,403,116	1,294,356	1,336,607	1,372,255
Sales tax	3,896,229	4,026,026	3,556,756	2,992,773	3,142,609
Unrestricted grants and contributions	19,774,829	18,882,458	17,978,524	17,475,416	17,432,196
Miscellaneous	295,343	612,086	168,943	94,229	157,062
Investment earnings	886,712	482,908	12,370	8,278	130,183
Transfers	48,871	13,644	39,814	(361,520)	52,745
Total governmental activities	42,132,560	39,591,939	36,899,006	35,224,075	34,675,637
Business-type activities:					
Miscellaneous	-	-	-	-	-
Investment earnings	68,673	28,005	753	370	4,549
Transfers	(48,871)	(13,644)	(39,814)	361,520	(52,745)
Total business-type activities	19,802	14,361	(39,061)	361,890	(48,196)
Total primary government	42,152,362	39,606,300	36,859,945	35,585,965	34,627,441
Change in net position:					
Governmental activities	6,731,583	7,947,073	8,388,409	(1,030,755)	927,605
Business-type activities	(107,133)	(346,450)	1,145,450	363,891	15,674
Total primary government	\$ 6,624,450	\$ 7,600,623	\$ 9,533,859	\$ (666,864)	\$ 943,279

Source: School District financial records.

Fiscal Year				
2019	2018	2017	2016	2015
\$ (31,578,568)	\$ (30,655,559)	\$ (30,243,239)	\$ (27,928,172)	\$ (27,347,155)
(5,180)	(7,653)	(60,226)	3,748	(36,033)
(31,583,748)	(30,663,212)	(30,303,465)	(27,924,424)	(27,383,188)
9,065,965	9,110,110	8,999,657	9,257,281	9,695,554
2,165,288	2,164,754	1,875,270	1,239,699	-
537,334	537,399	525,523	807,972	798,911
1,255,358	1,158,305	839,647	749,921	518,187
3,147,509	2,761,422	2,689,141	2,825,405	2,966,000
17,373,523	16,012,912	15,964,064	15,318,147	15,617,051
126,567	288,477	977,764	143,723	134,839
331,271	251,587	41,000	7,765	4,163
(496,365)	37,212	-	-	-
33,506,450	32,322,178	31,912,066	30,349,913	29,734,705
-	-	-	-	-
5,715	3,363	978	189	50
496,365	(37,212)	-	-	-
502,080	(33,849)	978	189	50
34,008,530	32,288,329	31,913,044	30,350,102	29,734,755
1,927,882	1,666,619	1,668,827	2,421,741	2,387,550
496,900	(41,502)	(59,248)	3,937	(35,983)
\$ 2,424,782	\$ 1,625,117	\$ 1,609,579	\$ 2,425,678	\$ 2,351,567

**Schedule 3
Newton Community School District**

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

	Fiscal Year			
	2024	2023	2022	2021
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	34,748	436,420	535,170	622,545
Unassigned	6,786,110	5,941,988	4,794,834	4,205,363
Total General Fund	\$ 6,820,858	\$ 6,378,408	\$ 5,330,004	\$ 4,827,908
All other governmental funds:				
Nonspendable				
Capital projects funds	-	18,501	-	-
Restricted				
Debt service funds	462,926	366,941	328,680	294,851
Capital projects funds	5,343,216	4,900,221	6,295,933	5,390,018
Special revenue funds	1,752,067	839,128	2,265,253	1,358,730
Total all other governmental funds	\$ 7,558,209	\$ 6,124,791	\$ 8,889,866	\$ 7,043,599

Source: School District financial records.

Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 292	\$ -	\$ -	\$ -	\$ -	\$ -
689,552	916,508	795,679	624,603	603,983	918,665
1,381,275	846,789	(81,570)	500,639	1,231,806	2,177,650
<u>\$ 2,071,119</u>	<u>\$ 1,763,297</u>	<u>\$ 714,109</u>	<u>\$ 1,125,242</u>	<u>\$ 1,835,789</u>	<u>\$ 3,096,315</u>
-	-	-	-	-	-
291,734	261,740	198,690	83,333	(2,950)	135,316
6,010,457	8,047,800	11,202,445	21,484,065	3,601,345	4,228,743
1,248,331	1,326,347	1,140,680	1,329,926	1,379,622	1,267,239
<u>\$ 7,550,522</u>	<u>\$ 9,635,887</u>	<u>\$ 12,541,815</u>	<u>\$ 22,897,324</u>	<u>\$ 4,978,017</u>	<u>\$ 5,631,298</u>

Schedule 4
Newton Community School District

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

	Fiscal Year				
	2024	2023	2022	2021	2020
Federal sources:					
Federal sources	\$ 1,902,455	\$ 3,457,559	\$ 3,932,812	\$ 2,982,598	\$ 1,501,892
Total federal sources	1,902,455	3,457,559	3,932,812	2,982,598	1,501,892
State sources:					
State sources	\$ 29,139,812	\$ 27,715,390	\$ 26,577,256	\$ 25,400,106	\$ 25,279,696
Total state sources	29,139,812	27,715,390	26,577,256	25,400,106	25,279,696
Intermediate sources:					
Intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ 260
Total intermediate sources	-	-	-	-	260
Local sources:					
Local taxes	\$ 16,821,221	\$ 15,582,858	\$ 14,900,315	\$ 14,727,805	\$ 13,557,906
Tuition	305,495	386,178	227,541	196,828	249,601
Other revenues	1,846,717	1,944,212	1,033,635	776,308	957,412
Total local sources	18,973,433	17,913,248	16,161,491	15,700,941	14,764,919
Total revenues	\$ 50,015,700	\$ 49,086,197	\$ 46,671,559	\$ 44,083,645	\$ 41,546,767

Source: School District financial records.

Fiscal Year				
2019	2018	2017	2016	2015
\$ 1,241,407	\$ 1,053,612	\$ 1,076,666	\$ 1,001,505	\$ 994,299
1,241,407	1,053,612	1,076,666	1,001,505	994,299
\$ 25,336,380	\$ 23,375,171	\$ 23,191,801	\$ 21,735,408	\$ 21,898,965
25,336,380	23,375,171	23,191,801	21,735,408	21,898,965
\$ 330	\$ 3,404	\$ 12,389	\$ 565	\$ 969
330	3,404	12,389	565	969
\$ 12,747,441	\$ 12,361,889	\$ 11,931,275	\$ 11,485,702	\$ 10,949,670
295,235	290,618	218,739	180,051	227,024
1,335,679	1,543,826	1,089,032	920,488	845,095
14,378,355	14,196,333	13,239,046	12,586,241	12,021,789
\$ 40,956,472	\$ 38,628,520	\$ 37,519,902	\$ 35,323,719	\$ 34,916,022

**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				
	2024	2023	2022	2021	2020
Instruction	\$ 25,508,489	\$ 26,567,104	\$ 24,021,702	\$ 23,235,857	\$ 22,726,910
Student services	1,306,062	1,237,789	1,179,403	1,490,517	1,414,030
Instructional staff services	3,855,504	3,671,483	3,375,447	2,808,800	2,609,511
Administration services	4,344,248	4,019,642	3,977,058	3,846,304	3,799,615
Operation and maintenance of plant services	5,244,167	4,970,142	4,240,078	3,767,129	3,629,660
Pupil transportation services	2,072,050	2,097,302	1,508,963	1,486,006	1,876,540
Non-instructional programs	3,467	11,064	8,777	4,378	5,141
AEA Flowthrough	1,442,022	1,404,460	1,372,711	1,354,782	1,320,425
Capital outlay:					
Facilities acquisition	2,055,217	4,313,919	1,866,517	1,383,615	3,261,647
Debt service:					
Principal	2,071,653	2,439,402	1,954,379	1,865,000	1,810,000
Interest	732,256	802,116	869,993	932,556	995,956
Total expenditures	\$ 48,635,135	\$ 51,534,423	\$ 44,375,028	\$ 42,174,944	\$ 43,449,435
Debt service as a percentage of noncapital expenditures	6.09%	7.09%	6.68%	7.01%	7.05%

Source: School District financial records.

		Fiscal Year							
		2019	2018	2017	2016	2015			
\$	23,344,465	\$	22,152,961	\$	21,117,572	\$	20,980,271	\$	20,400,924
	1,416,552		1,370,810		1,365,468		1,205,896		1,209,626
	2,301,606		2,349,045		2,539,441		1,596,855		1,517,051
	3,558,571		3,591,407		3,506,550		3,227,280		3,329,081
	3,208,350		3,172,634		3,165,493		3,104,407		3,048,058
	1,469,337		1,108,838		1,233,408		1,061,957		1,245,390
	3,126		3,527		4,747		4,729		5,679
	1,302,127		1,232,784		1,190,282		1,189,469		1,189,763
	9,749,498		20,043,477		3,763,511		3,488,651		808,928
	1,720,000		1,435,000		2,055,000		1,275,000		2,945,000
	1,040,007		632,758		347,588		103,011		181,813
\$	49,113,639	\$	57,093,241	\$	40,289,060	\$	37,237,526	\$	35,881,313
	7.09%		5.67%		6.34%		3.84%		9.55%

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				
	2024	2023	2022	2021	2020
Excess (deficiency) of revenues over (under) expenditures	\$ 1,380,565	\$ (2,448,226)	\$ 2,296,531	\$ 1,908,701	\$ (1,902,668)
Other financing sources (uses):					
Issuance of general obligation bonds	-	-	-	-	-
Premium on the issuance of debt	-	-	-	-	-
Discount on the issuance of debt	-	-	-	-	-
Lease proceeds	1,939	681,375	-	-	-
Sale of capital assets	8,398	1,725	8,840	5,793	3,181
Compensation for loss of capital assets	436,095	-	-	298,089	69,199
Transfers in	737,923	1,175,717	1,210,118	1,137,715	743,895
Transfers out	(689,052)	(1,127,262)	(1,167,126)	(1,100,432)	(691,150)
Total other financing sources (uses)	495,303	731,555	51,832	341,165	125,125
Net change in fund balances	\$ 1,875,868	\$ (1,716,671)	\$ 2,348,363	\$ 2,249,866	\$ (1,777,543)

Source: School District financial records.

Fiscal Year				
2019	2018	2017	2016	2015
\$ (8,157,167)	\$ (18,464,721)	\$ (2,769,158)	\$ (1,913,807)	\$ (965,291)
5,620,000	7,690,000	19,210,000	-	1,730,000
533,491	100,951	767,918	-	-
(103,423)	(130,084)	-	-	-
-	-	-	-	-
1,073	-	-	-	-
200,529	-	-	-	-
6,175,290	52,918	474,960	-	1,441,293
(6,126,533)	(15,706)	(474,960)	-	(1,441,293)
6,300,427	7,698,079	19,977,918	-	1,730,000
\$ (1,856,740)	\$ (10,766,642)	\$ 17,208,760	\$ (1,913,807)	\$ 764,709

**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*
2024	\$6,786,110	\$39,566,120	17.15%
2023	5,941,988	39,895,617	14.89%
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%

Source: School District financial records.

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

Target Solvency Position = Between 5.0 and 20.0 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			
2024	\$ 662,429,816	\$ 152,201,258	\$ 252,635,696	\$ 1,476,044	\$ 1,065,790,726	\$15.77776
2023	561,186,543	135,844,326	257,717,311	1,524,196	953,223,984	15.78504
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

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
2024	\$10.26608	\$1.00000	\$2.02964	\$2.48204	\$15.77776	\$17.14000	\$6.58326	\$0.23113	\$0.15908	\$0.74410	\$0.00180
2023	11.46227	1.00000	2.18181	1.14096	15.78504	17.14000	7.08751	0.22743	0.16703	0.69448	0.00240
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

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	2024			2015		
	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%	\$ 20,419,821	1	2.70%
Phoenix Newton LLC	19,563,540	2	2.20%	12,150,711	4	1.60%
ILPT Newton Iowa LLC	14,214,140	3	1.60%	12,493,728	3	1.65%
Wesley Retirement Services Inc	12,382,740	4	1.39%	6,306,264	5	0.83%
Newton Village, Inc	9,535,770	5	1.07%	3,726,969	10	0.49%
Wal-Mart Real Estate Business	9,089,780	6	1.02%	5,597,505	7	0.74%
Heartland Property Coop	7,198,770	7	0.81%	-	-	-
EPC LLC	7,046,440	8	-	3,781,674	9	0.50%
Hy-Vee Inc	6,800,000	9	0.76%	-	-	-
REG Newton LLC	6,074,170	10	0.68%	6,064,101	6	0.80%
Interstate Power & Light Co	-	-	-	13,038,616	2	1.72%
Des Moines Area Community College	-	-	-	3,781,863	8	0.50%
Total	\$ 114,405,350		12.07%	\$ 87,361,252		11.53%

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
2024	\$ 15,212,630	\$ 15,208,628	99.97%	NA	\$ 15,208,628	99.97%
2023	14,147,170	14,153,477	100.04%	NA	14,153,477	100.04%
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%

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)
2024	\$ 17,917,063	462,926	\$ 17,454,137	1.64%	\$1,107
2023	19,477,135	366,941	19,110,194	2.00%	1,213
2022	20,595,000	328,680	20,266,320	2.21%	1,286
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

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 99) for actual taxable value of property.
- (b) See Schedule 17 (page 109) 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			
2024	\$ 17,917,063	\$ 2,988,209	289,868	\$ 21,195,140	N/A	\$ 1,345
2023	19,477,135	3,536,850	329,582	23,343,567	4.34%	1,481
2022	20,595,000	3,770,000	112,609	24,477,609	5.00%	1,553
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

Source: School District financial records.

Notes: N/A = not available. Details of the District's outstanding debt can be found in Note 6 in the notes to the financial statements.

(a) See Schedule 17 (page 109) 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, 2024

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Jasper County	\$ 12,421,776	49.07%	\$ 6,095,365
City of Kellogg	173,241	100.00%	173,241
City of Newton	40,604,170	100.00%	40,604,170
City of Lambs Grove	427,000	100.00%	427,000
Des Moines Area Community College	75,280,000	1.65%	1,242,120
Subtotal, overlapping debt			48,541,896
District direct debt			21,195,140
Total direct and overlapping debt			\$ 69,737,036

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)

	2024	2023	2022	2021	2020
Debt limit	\$ 86,448,662	\$ 79,865,572	\$ 74,508,724	\$ 73,989,741	\$ 69,855,635
Total net debt applicable to limit	20,649,868	22,719,582	24,477,609	26,431,988	28,335,557
Legal debt margin	\$ 65,798,794	\$ 57,145,990	\$ 50,031,115	\$ 47,557,753	\$ 41,520,078
Total net debt applicable to the limit as a percentage of debt limit	23.89%	28.45%	32.85%	35.72%	40.56%

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 2024

Actual assessed value (a)	<u>\$ 1,728,973,248</u>
Debt limit (5% of assessed value) (b)	\$ 86,448,662
Debt applicable to limit	<u>20,649,868</u>
Legal debt margin	<u>\$ 65,798,794</u>

	2019	2018	2017	2016	2015
\$	66,672,960	\$ 66,006,371	\$ 65,403,366	\$ 66,166,806	\$ 66,046,367
	29,955,000	26,055,000	19,800,000	2,645,000	3,920,000
\$	<u>36,717,960</u>	\$ <u>39,951,371</u>	\$ <u>45,603,366</u>	\$ <u>63,521,806</u>	\$ <u>62,126,367</u>
	44.93%	39.47%	30.27%	4.00%	5.94%

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	
2024	\$ 3,896,229	\$ 505,000	\$ 140,550	6.04
2023	4,056,026	495,000	165,300	6.14
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

Source: School District financial records.

Notes: Details regarding the District's outstanding debt can be found in Note 6 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)
2023	15,760	N/A	N/A	N/A	3.0%
2022	15,760	\$537,674,789	\$46,856	\$34,116	3.0%
2021	15,760	\$489,497,304	\$42,293	\$31,059	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%

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, 2024, the unemployment rate for Jasper County was 3.0%.

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Schedule 18
Newton Community School District

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	2024			2015		
	Employees+	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Newton Community School District	466	1	2.96%	*	*	*
Hy-Vee Food Stores	248	2	1.57%	*	*	*
Wal-Mart Inc	240	3	1.52%	*	*	*
VanMaanen Electric	240	4	1.52%	*	*	*
MercyOne Newton Medical Center	232	5	1.47%	*	*	*
Rock Communications	200	6	1.27%	*	*	*
AdaptHealth	171	7	1.09%	*	*	*
Progress Industries	170	8	1.08%	*	*	*
Graphic Packaging	166	9	1.05%	*	*	*
Thombert	165	10	1.05%	*	*	*
Total	<u>2,298</u>		<u>14.58%</u>	<u>*</u>		<u>*</u>

Source: 2024 - 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				
	2024	2023	2022	2021	2020
Supervisory:					
Superintendent	1.0	1.0	1.0	1.0	1.0
Principals	7.0	7.0	7.0	7.0	7.0
Assistant principals	4.0	4.0	4.0	3.5	3.5
Other Administrators	5.0	5.0	5.0	4.5	4.5
Total supervisory	17.0	17.0	17.0	16.0	16.0
Instruction:					
Teachers	208.0	217.1	218.6	220.3	219.7
Associates	84.1	84.1	65.4	62.8	66.1
Total instruction	292.1	301.2	284.0	283.1	285.8
Student services:					
Guidance Counselors	9.0	8.9	8.8	8.8	8.8
Nurses	4.0	4.0	4.0	3.0	3.0
Teacher Librarian / Media Specialist	1.0	1.0	1.9	1.9	1.8
Technical Staff	3.8	3.8	3.0	3.0	3.0
Total student services	17.8	17.7	17.7	16.7	16.6
Support and administration:					
Support Staff	24.7	26.2	26.2	25.0	27.5
Supervisors	4.0	4.0	4.0	4.0	4.0
Operations and Maintenance	24.3	24.1	23.1	22.6	23.5
Food Service	24.0	19.6	18.1	18.5	19.4
Pupil Transportation	11.8	10.4	9.8	9.4	11.3
Total support and administration	88.8	84.3	81.2	79.5	85.7
Total	415.7	420.2	399.9	395.2	404.1

Source: District records.

Full-Time Equivalent Employees as of June 30					Percentage Change
2019	2018	2017	2016	2015	2015-24
1.0	1.0	1.0	1.0	1.0	0.0%
6.0	6.0	6.5	6.0	6.5	7.1%
3.5	3.5	3.5	2.5	2.3	43.8%
4.5	4.0	3.5	4.0	4.3	15.0%
15.0	14.5	14.5	13.5	14.0	17.6%
219.0	218.9	221.5	208.1	210.6	-1.3%
66.3	65.5	61.9	73.4	78.7	6.5%
285.3	284.4	283.4	281.5	289.3	1.0%
9.0	8.9	10.0	8.0	9.0	0.0%
3.0	3.0	3.0	3.0	4.0	0.0%
1.8	2.8	3.0	3.0	3.0	-200.0%
3.0	3.0	4.0	4.0	4.0	-5.3%
16.8	17.7	20.0	18.0	20.0	-12.4%
27.0	30.7	31.4	29.3	29.7	-20.4%
3.0	3.0	4.0	4.0	4.0	0.0%
25.5	24.6	25.0	26.0	26.8	-10.1%
24.7	20.8	22.6	22.6	24.7	-3.0%
11.7	11.7	11.7	12.1	12.5	-5.5%
91.8	90.8	94.7	94.1	97.7	-10.0%
408.9	407.3	412.6	407.1	420.9	-1.3%

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
2024	2,770	\$ 43,222,903	\$ 15,604	4.93%
2023	2,857	42,485,488	14,871	7.81%
2022	2,865	39,517,777	13,793	6.13%
2021	2,856	37,118,820	12,997	2.60%
2020	2,951	37,381,832	12,668	3.54%
2019	2,992	36,604,134	12,234	7.05%
2018	3,061	34,982,006	11,428	(1.64)%
2017	2,937	34,122,961	11,618	1.14%
2016	2,818	32,370,864	11,487	1.73%
2015	2,829	31,945,572	11,292	1.60%

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

Notes: N/A = not available.

(1) Student served.

(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
\$ 45,763,124	\$ 16,521	8.09%	208.00	13.32	54.3%
43,666,846	15,284	10.47%	217.10	13.16	53.4%
39,639,032	13,836	(15.34)%	218.60	13.11	45.3%
46,676,263	16,343	13.72%	220.30	12.96	45.6%
42,409,625	14,371	6.71%	219.70	13.43	53.3%
40,296,920	13,468	5.65%	219.00	13.66	59.0%
39,020,727	12,748	(2.48)%	218.90	13.98	52.3%
38,390,457	13,071	6.05%	221.50	13.26	47.5%
34,734,801	12,326	2.10%	208.09	13.54	48.3%
34,152,016	12,072	(0.83)%	210.61	13.43	49.1%

Schedule 21
Newton Community School District

School Building Information
Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year				
	2024	2023	2022	2021	2020
Elementary:					
Aurora Heights (1955)					
Square feet	46,958	46,958	46,958	46,958	46,958
Capacity	357	357	330	330	330
Enrollment	260	268	257	236	272
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	357	357	450	450	450
Enrollment	205	224	223	233	240
Thomas Jefferson (1955)					
Square feet	58,985	58,985	58,985	58,985	58,985
Capacity	471	471	408	408	408
Enrollment	361	373	363	325	339
Woodrow Wilson (1926)					
Square feet	40,160	40,160	40,160	40,160	40,160
Capacity	357	357	418	418	418
Enrollment	258	272	261	268	290
Middle School:					
BC Berg Middle School (2019)					
Square feet	180,000	180,000	180,000	180,000	180,000
Capacity	1,000	1,000	1,000	1,000	1,000
Enrollment	823	841	845	877	902
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	798	818	843	848	845
WEST Academy (2016)					
Square feet	10,036	10,036	10,036	10,036	10,036
Capacity	65	65	90	90	90
Enrollment	65	61	73	69	63

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				
2019	2018	2017	2016	2015
46,958	46,958	46,958	46,958	46,958
330	330	330	330	330
271	301	257	332	336
N/A	N/A	N/A	60,329	60,329
N/A	N/A	N/A	400	400
N/A	N/A	N/A	430	457
65,758	65,758	65,758	65,758	65,758
450	450	450	90	90
253	257	256	44	52
58,985	58,985	58,985	58,985	58,985
408	408	408	408	408
336	395	375	412	414
40,160	40,160	40,160	40,160	40,160
418	418	418	418	418
284	268	290	327	325
180,000	150,823	150,823	90,494	90,494
1,000	818	818	418	418
925	915	886	454	453
263,522	263,522	263,522	263,522	263,522
1,250	1,250	1,250	1,250	1,250
838	852	805	819	792
10,036	10,036	10,036	N/A	N/A
90	90	90	N/A	N/A
85	73	68	N/A	N/A

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Newton Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number or Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Local Food for Schools	10.185	4725-24	<u>8,252</u>
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	4725-24	243,660
National School Lunch Program	10.555	4725-24	1,040,870 *
Supply Chain Assistance Funds	10.555	4725-24	<u>63,633</u>
			<u>1,348,163</u>
Special Milk Program for Children	10.556	4725-24	3,916
Summer Food Service Program for Children	10.559	4725-24	25,315
Fresh Fruit and Vegetable Program	10.582	4725-24	<u>47,808</u>
			<u>1,425,202</u>
Total U.S. Department of Agriculture			<u>1,433,454</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	4725-G	529,226
Title I Grants to Local Educational Agencies	84.010	4725-SINA	72,993
Title I Grants to Local Educational Agencies	84.010	4725-GC	100,500
Title I Grants to Local Educational Agencies	84.010	4725-CSINA	<u>17,349</u>
			<u>720,068</u>
Special Education - Grants to States (High Cost Claim)	84.027	4725-24	<u>10,097</u>
Career and Technical Education - Basic Grants to States	84.048	4725-24	<u>36,852</u>
Supporting Effective Instruction State Grant	84.367	4725-24	<u>100,408</u>
Student Support and Academic Enrichment Program	84.424	4725-24	<u>41,370</u>
Stronger Connections Grant Program	84.424F	4725-24	<u>107,816</u>
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act (CARES) Cluster:			
COVID-19 Elementary and Secondary School Relief (ESSER) Fund (Rethink K12 Models)	84.425B	4725-24	17,035
COVID-19 Educational Stabilization Fund (Summer Reading Camp Grant)	84.425	4725-24	<u>37,711</u>
			<u>54,746</u>
Heartland Area Education Agency:			
Special Education - Grants to States	84.027	4725-24	<u>148,034</u>
English Language Acquisition State Grants	84.365	4725-24	<u>7,342</u>
Total U.S. Department of Education			<u>1,226,733</u>
Total			<u>\$ 2,660,187</u>

* - Includes \$132,044 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, 2024

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, 2024. 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 \$132,044 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.



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

Independent Auditor's Report

To the School Board
Newton Community School District
Newton, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), 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, 2024, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the 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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's basic 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Audit Finding 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2024, are based exclusively on knowledge obtained from procedures performed during our audit of the basic 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.

District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.



St. Cloud, Minnesota
December 18, 2024



**Report on Compliance for each Major Federal Program
and Report on Internal Control over Compliance in Accordance with
the Uniform Guidance**

Independent Auditor's Report

To the School Board
Newton Community School District
Newton, Iowa

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the 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 the District's major federal programs for the year ended June 30, 2024. The 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, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with 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 (*Government Auditing Standards*); 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 the 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 the 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 the 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 the 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 the judgment made by a reasonable user of the report on compliance about the 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 judgment and maintain professional skepticism throughout the audit.
- ◆ Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- ◆ Obtain an understanding of the 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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 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 Auditor's Responsibilities for the Audit of Compliance section 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 weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control over Compliance (Continued)

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.

Bogen KDV, Ltd.

Minneapolis, Minnesota
December 18, 2024

**Newton Community School District
Schedule of Findings and Questioned Costs**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).
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Internal control over financial reporting:	
◆ Material weakness(es) identified?	Yes, Audit Finding 2024-001
◆ Significant deficiency(ies) identified?	None reported

Noncompliance material to financial statements noted?	No
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Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
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Internal control over major programs:	
◆ Material weakness(es) identified?	No
◆ Significant deficiency(ies) identified?	None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
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Identification of Major Programs

Assistance Listing No.:	10.553/10.555/10.558/10.559
Name of Federal Program or Cluster:	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low risk auditee?	No
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Newton Community School District
Schedule of Findings and Questioned Costs

SECTION II - BASIC FINANCIAL STATEMENT FINDINGS

Instances of Noncompliance

There were no reported instances of noncompliance.

Current and Prior Year Internal Control Deficiency

2024-001 Lack of Segregation of Duties

Criteria:

Internal control that supports the District's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements requires adequate segregation of accounting duties.

Condition:

The District does not have adequate segregation of duties.

Context:

During the year ended June 30, 2024, the District had a lack of Segregation of accounting duties due to a limited number of office employees.

Effect or Potential Effect:

The lack of adequate segregation of accounting duties could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause:

There are a limited number of office employees to identify all necessary adjustments.

Recommendation:

Continue to review the accounting system, including changes that may occur. Implement segregation whenever practical.

Views of Responsible Officials:

The District will review current duties to determine if further segregation is possible.

**Newton Community School District
Schedule of Findings and Questioned Costs**

SECTION III: Findings and Questioned Costs for Federal Awards:

Instances of Noncompliance

There were no matters reported.

Internal Control Deficiencies

There were no matters reported.

SECTION IV: Findings Related to Statutory Reporting:

24-IV-A Certified Budget - Disbursements in the support services function exceeded the amounts budgeted.

Recommendation:

The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Views of Responsible Officials and Planned Corrective Action:

The District will ensure the budget is amended before expenditures exceed budgeted amounts in the future.

Conclusion:

Response accepted.

24-IV-B Questionable Disbursements - We noted no material expenditures which did not appear to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

24-IV-C Travel Expense - No expenditures of District money for travel expenses of spouse of District officials or employees were noted. No travel advances to District officials or employees were noted.

24-IV-D Business Transactions - There were no business transactions between the District and District officials were noted.

24-IV-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 (Government Ethics and Lobbying Act).

24-IV-F Bond Coverage - Surety bond coverage of the District officials and employees is in accordance with statutory provisions and was reviewed and updated during the year. We recommend that the amount of coverage continue to be reviewed annually to ensure that the coverage is adequate for current operations.

24-IV-G Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

**Newton Community School District
Schedule of Findings and Questioned Costs**

SECTION IV: Findings Related to Statutory Reporting (Continued)

- 24-IV-H** Certified Enrollment - The following variances in the basic enrollment data certified to the Iowa Department of Education were noted:

The District counted 5 students that were not enrolled and missed counting 1.67 EL students.

The error resulted in the District over reporting by 3.33 students.

Recommendation:

The District should review procedures to ensure accurate counts are taken throughout the year and accurate enrollment data is certified to the Iowa Department of Education.

Views of Responsible Officials and Planned Corrective Action:

The District will contact the Iowa Department of Education and Iowa Department of Management notifying them of the above changes. The District will continue to monitor reconciliations of District information to information certified to the Iowa Department of Education.

Conclusion:

Response accepted.

- 24-IV-I** Supplementary Weighting - There were no variances noted in the supplementary weighting data certified to the Iowa Department of Education.
- 24-IV-J** Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.
- 24-IV-K** Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- 24-IV-L** Categorical Funding - No instances were found of categorical funding being used to supplant rather than supplement other funds.

**Newton Community School District
Schedule of Findings and Questioned Costs**

SECTION IV: Findings Related to Statutory Reporting (Continued)

24-IV-M Statewide Sales, Services and Use Tax- No instances of noncompliance with the allowable use of the statewide sales, services, and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2024, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 4,434,535
Revenue/other financial sources		
Sales tax revenue	\$ 3,896,229	
Other local revenue	218,936	4,115,165
Expenditures/transfers out		
School infrastructure construction	2,476,373	
Transfer to other funds		
Debt service fund	646,150	<u>722,642</u>
Ending balance		<u><u>\$ 5,157,177</u></u>

For the year ended June 30, 2024, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.