



**School Administrative Unit #31
Newmarket School District**
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Todd Allen
Superintendent of Schools

Patricia Wons
*Director of CIA &
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Business Administrator

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Student Services

Date: June 14, 2023
To: Todd Allen, Superintendent
cc: Newmarket School Board
Subject: Interim Financial Report FY 2022-2023 as of 5/31/23

FY 2022-2023: Interim Financial Report-General Fund as of 5/31/23:

Financial reports through 5/31/23 are attached for your review. While most anticipated expenditures have been encumbered at this point in the year, and we have made every effort to accurately estimate our ending revenue and expenditure balances, it is important to understand that these figures are not final. Variances in these categories will change based on any unanticipated revenues or expenditures in the final month of FY 23. Our final FY 23 fund balance will likely also include certain financial adjustments that will be made by our auditors as part of our financial audit. Naturally these auditing adjustments are not reflected in this interim report.

Expenditures-General Fund: The attached expenditure reports have been presented to you by expenditure category with notes to explain variances. In summary, based on these reports, we estimate that we will finish the year with an estimated expenditure budget of approximately 846K, before any end-of-year adjustments.

Expenditures-Food Service Fund: The attached expenditure reports show the impacts of shifting to an outsourced Food Service Management (FSM) model. You will note that salaries and benefits variances are significantly favorable and that operations variations reflect an opposite trend. These variances are the result of unexpended salaries and benefits and corresponding increased operational costs under the FSM model. We did benefit from a Supply Chain Grant (SCA) in FY 23 that provided some relief from increased food costs. Due in part to this additional SCA revenue, we expect to end the year close to our original operational and revenue budgets, however student meal debt is expected to negatively impact our ending fund balance. In spite of this, as a result of the USDA waivers in FY 22 that allowed us to carry a positive fund balance forward into FY 23, we do not anticipate needing to transfer any budgeted general funds to our Food Service Fund at the end of FY 23.

Revenues: A more detailed accounting is included later in the report, but presented below is a brief summary of revenues.

Local Revenues: We expect that we will close the year with a positive local revenue variance in our general fund of approximately \$130K. This is due to two main factors: significantly increased interest rates on our bank account balances and unanticipated tuition from two out-of-district students attending Newmarket schools in FY 23.

State Revenues: We also anticipate a significant positive variance of approximately \$580K in State revenue sources at the close of FY23 due to unanticipated revenues received during the year. These revenues have primarily come from three sources: a one-time 7.5 % contribution to New Hampshire Retirement System from the state (\$127K), unanticipated additional Special Education Aid revenues (\$343K) and FEMA revenues received in FY 23 for expenditures incurred in FY 22 (\$103K).

Federal Revenues: We have continued to capitalize on additional federal revenues received as a result of COVID-19. We have been able to leverage these unanticipated federal funds in many ways, including improvements to facilities, upgrades to our systems, additional staffing and additional professional development for our teaching staff. With most federal funds, awards can benefit more than one fiscal year, so the negative variance shown in our federal revenues simply means that we will carry parts of certain grant awards forward into next year. This negative variance shown will have no impact on our ending fund balance for the general fund.

FY 23 Estimated “Cost to Complete” as of May 31, 2023: Below, we have provided early estimates of the expenditures and revenue balances for FY 23 in the General Fund, based on our financials as of May 31, 2023.

General Fund Estimated Balance: \$1,372K

Please see the bottom of the *Expenditures by Category Statement* for a summary of expenditures and revenues used in this estimate. It is important to understand that these summary figures reflect only revenues and expenditures; they do not include required auditing adjustments or transfers that will be made as a part of our annual financial audit. It is also important to remember that one full month of instruction and operations remains in FY 23. While we have made our estimates based on the most up-to-date information that we have at this time, our actual ending balances may vary based on actual costs incurred during the remainder of year.

Looking Down the Road, FY 2024:

Adequacy Aid FY 24: In early June 2023, the NH Legislature passed a budget that will result in modestly increased funding for education. According to preliminary estimates, Newmarket may benefit from approximately \$30K in additional adequacy/state education aid in FY 24.

Impact Fees: During FY 23, the Newmarket School District realized a significant increase in available impact fees, resulting in \$213K as of 5/31/23. We anticipate that these funds will be combined with remaining bond proceeds and could be utilized to fund part of our NJSHS courtyard renovation in FY 24.

Respectfully Submitted,
Janna Mellon, Business Administrator

Newmarket School District
Financial Statements as of 5/31/2023

Expenditures by Category- General Fund	Original Total Budget, as Voted	Adjustments for Encumbrances, etc.*	Total Budget	YTD Activity	Encumbrances	Variance Favorable (Unfavorable)	% Remaining
Salaries							
Administrator	\$1,400,650	\$60,796	\$1,461,446	\$1,420,407	\$116,414	-\$75,376	
Administrative Support	\$531,710	\$0	\$531,710	\$488,671	\$39,106	\$3,933	
Professional	\$7,126,183	\$279,469	\$7,405,652	\$5,813,194	\$1,472,817	\$119,642	
Paraprofessionals, Tutors & Monitors	\$1,338,414	\$0	\$1,338,414	\$905,969	\$137,921	\$294,523	
Other Educational	\$293,437	\$0	\$293,437	\$143,370	\$2,164	\$147,903	
Facilities	\$242,635	\$0	\$242,635	\$182,853	\$29,079	\$30,704	
Other Non-Instructional	\$225,288	\$0	\$225,288	\$243,823	\$14,872	-\$33,406	
Total Salaries	\$11,158,316	\$340,265	\$11,498,582	\$9,198,286	\$1,812,372	\$487,923	4.24%
Benefits							
FICA	\$874,070	\$26,030	\$900,101	\$669,309	\$136,365	\$94,427	
NHRS	\$1,936,169	\$71,053	\$2,007,221	\$1,632,177	\$340,785	\$34,259	
Health/Dental Insurance	\$2,219,182	\$0	\$2,219,182	\$2,019,837	\$118,579	\$80,766	
Other Benefits	\$299,131	\$578	\$299,709	\$71,362	\$0	\$228,347	
Total Benefits	\$5,328,552	\$97,661	\$5,426,213	\$4,392,685	\$595,730	\$437,798	8.07%
Operations							
Supplies	\$254,727	\$1,917	\$256,644	\$205,758	\$16,194	\$34,692	
Professional Services	\$2,693,996	\$51,460	\$2,745,456	\$2,251,999	\$540,322	-\$46,865	
Software	\$227,511	\$0	\$227,511	\$208,002	\$3,151	\$16,358	
Textbooks	\$50,022	\$0	\$50,022	\$51,561	\$3,315	-\$4,854	
Printing/Postage	\$48,042	\$0	\$48,042	\$21,257	\$2,645	\$24,140	
Equipment	\$224,938	\$720	\$225,658	\$241,243	\$8,884	-\$24,469	
Furniture	\$33,542	\$60,972	\$94,514	\$78,404	\$80	\$16,030	
Tuition	\$833,924	\$0	\$833,924	\$863,314	\$73,806	-\$103,196	
Repairs & Maintenance	\$302,347	\$4,735	\$307,083	\$421,098	\$31,061	-\$145,075	
Professional Development	\$172,245	\$0	\$172,245	\$84,907	\$13,117	\$74,221	
Utilities/Fuel	\$432,470	\$0	\$432,470	\$362,695	\$55,680	\$14,095	
Professional Dues & Fees	\$61,333	\$0	\$61,333	\$46,613	\$5,773	\$8,948	
Phones/Internet	\$37,440	\$0	\$37,440	\$30,792	\$7,375	-\$728	
Insurances and Other Operational Expenses	\$173,530	\$158,418	\$331,948	\$166,555	\$108,418	\$56,975	
Debt Service	\$2,099,013	\$0	\$2,099,013	\$2,099,013	\$0	\$0	
Total Operations	\$7,645,080	\$278,222	\$7,923,302	\$7,133,209	\$869,820	-\$79,726	-1.01%
Total Expenditures	\$24,131,948	\$716,149	\$24,848,097	\$20,724,181	\$3,277,922	\$845,994	3.40%

Note: Professional Svc. budget adjustments increased for SAFE Grant in the amount of \$39,820 approved by NSB 11/3/2022 in Public Hearing.

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Financial Statements as of 5/31/2023**

Budget Variance as of 5/31/2023 (see above) **\$ 845,994**

Estimated FY 23 Additional Expenditures:

Severance Payments	\$	(122,767)
Sick Day Buy Back	\$	(45,000)
Estimated Receivable for Special Ed Transportation (offset to expenditures)	\$	12,700
Salaries and Benefits Payable-Town of Newmarket	\$	(10,000)
Insurance Buy Back	\$	(11,000)
Vacation Payout-Departing Employees	\$	(21,339)
Utilities	\$	(15,000)

Estimated Total Unencumbered Expenditures Remaining FY 23** **\$ (212,406)**

Estimated Revenue Variance from Budgeted Revenues (see also Revenues section below):

Tuition from Others	\$	49,483
Earnings on Investments	\$	78,151
FEMA Revenues FY 23	\$	103,373
Other State Aid	\$	135,620
Unanticipated Special Education Aid	\$	343,010
ERATE Revenues	\$	28,368

Estimated Unbudgeted Additional Revenues FY 22 **\$ 738,005**

Estimated General Fund Balance, FY 23* **\$ 1,371,593 ***

** Prior to required auditing adjustments made as part of close of the Fiscal Year.*

Additional Information Regarding Certain Expenditure Category Variances Shown Above:

Category	Variance	Notes
Salaries-Administrator	(\$75,376)	Salary "breakage" due to staff turnover and the shift of Athletic Director and ELO Coordinator positions from Professional to Administration.
Salaries-Professional	\$119,642	This variance is due to employees who have requested to take unpaid time for medical and/or child rearing purposes. Even though we budgeted for full- year positions, these employees will not be paid the full budgeted amount during 22-23.
Salaries-Paraprofessional, Tutors Salaries-Facilities	\$294,532 \$ 30,704	Staffing continues to be a challenge, and this is shown by the positive variances in these lines. To accommodate student needs, we have needed to work with contracted service providers for SPED staffing and Facilities staffing to maintain adequate service levels.
Salaries-Other Educational	\$147,903	This primarily variance stems from substitute salaries, co-curricular salaries and coaching salaries that were unexpended in FY 23. We faced significant challenges filling substitute roles and utilized ESSER funding to establish several temporary supplemental one-year support roles.

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Salaries- Other Non-Instructional	(\$33,406)	This variance stems from a Summer Technology position that was extended into a full-time temporary IT position for FY 23. This shift actually represents an overall savings for the district as we have reallocated funding originally planned for outsourced consultant services. This model has been so productive for the district that we have budgeted to make this change permanent in FY 24, reducing our need for outsourced IT services.
Benefits (FICA, NHRS, Health/Dental)	\$437,798	These variances stem primarily from staffing vacancies and salaries and benefits that have not yet been expended in FY 22. This variance also includes severance amounts payable that will be expended before the end of the fiscal year. We estimate that approx. \$123K will be expended in June for severance payments.
Tuition	(\$103,196)	Approx \$55K of this variance stems from an unanticipated Special Education placement out of district. The remainder stems from a higher level of student participation in our SST program coupled with a significant tuition increase for SST tuition rates.
Repairs and Maintenance	(\$145,075)	This negative variance relates to the NES window project and the NES electrical upgrade projects. However, this amount is more than offset by a fund transfer from Capital Reserve funds (\$161K) executed in December 2022. This offsetting transfer can be seen in the revenues statement shown later in this report, "Transfers from Capital Reserves to GF."
Professional Development	\$74,221	This variance stems from professional development/coursework funds budgeted as part of the CBA, but unexpended in FY 23.
Utilities/Fuel	\$55,680	This positive variance resulted from a milder-than-normal winter and resulting lower fuel costs. We do anticipate that approximately \$15K of this balance will be expended for our final quarterly water and sewer bill of FY 23.
Insurances and Other Operational Expenses	\$108,418	This amount primarily includes an encumbered liability that we anticipate will be released at the close of FY 23.

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Food Service Expenditures	Budget as Voted	Budget Adjustments*	Total Budget	YTD Activity	Encumbrances	Variance Favorable (Unfavorable)	% Remaining
Salaries							
Salaries	\$ 99,968	\$ -	\$ 99,968	\$ -	\$ -	\$ 99,968	100.0%
Total Salaries	\$ 99,968	\$ -	\$ 99,968	\$ -	\$ -	\$ 99,968	100.0%
Benefits							
FICA	\$ 7,670	\$ -	\$ 7,670	\$ -	\$ -	\$ 7,670	100.0%
NHRS	\$ 6,586	\$ -	\$ 6,586	\$ -	\$ -	\$ 6,586	100.0%
Health/Dental Insurance	\$ 9,975	\$ -	\$ 9,975	\$ -	\$ -	\$ 9,975	100.0%
Other Benefits	\$ 444	\$ -	\$ 444	\$ -	\$ -	\$ 444	100.0%
Total Benefits	\$ 24,676	\$ -	\$ 24,676	\$ -	\$ -	\$ 24,676	100.0%
Operations							
Supplies	\$ 77,300	\$ 49,376	\$ 126,676	\$ 13,632	\$ -	\$ 113,044	146.2%
Printing/Postage	\$ 250	\$ -	\$ 250	\$ -	\$ -	\$ 250	100.0%
Repairs & Maintenance	\$ 6,803	\$ -	\$ 6,803	\$ 2,577	\$ 2,044	\$ 2,182	32.1%
Professional Services	\$ 191,038	\$ -	\$ 191,038	\$ 346,228	\$ 31,894	\$ (187,084)	-97.9%
Professional Development	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ -	\$ 1,000	100.0%
Equipment	\$ -	\$ 2,284	\$ 2,284	\$ 4,111	\$ 1,161	\$ (2,988)	0.0%
Professional Dues & Fees	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ -	\$ 1,000	100.0%
Total Operations	\$ 277,391	\$ 51,659	\$ 329,050	\$ 366,547	\$ 35,099	\$ (72,596)	-26.2%
Total Expenditures	\$ 402,034	\$ 51,659	\$ 453,693	\$ 366,547	\$ 35,099	\$ 52,048	12.9%

*Budget adjustments consist of unanticipated Supply Chain Assistance (SCA) expenditures, voted by the NSB 11/2/22, NE Dairy Grant and NSLP Equipment Grants.

Additional Information Regarding Certain Expenditure Category Variances Shown Above:

Category	Variance	Notes
Salaries Benefits	\$99,968 \$24,676	Food Service Management has been outsourced in FY 23. No salaries/benefits will be expended in FY 23 due to the shift in our food service model.
Supplies Printing and Postage Professional Development Professional Dues & Fees	\$113,044 \$ 250 \$ 1,000 \$ 1,000	Budgeted amounts in these areas are now included in the professional services line. Supply budget and expenditures also include the Supply Chain Assistance grants, and these SCA expenditures will eventually be fully offset by SCA revenues. Some of the SCA funds received in FY 23 may carry forward to FY 24 and provide a financial benefit to FY 24. See our Revenues section for more information. Food service management fees

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		include all expenditures for food service operations. These amounts will not be expended in FY 23. See offsetting negative variance in the professional services line below.
Professional Services	(\$187,180)	This negative variance represents the shift to an outsourced service model at both schools. Professional Services includes all costs related to food service operations.

Newmarket School District Financial Statements as of 5/31/2023

Revenues		Total Budget		YTD Activity	Variance (Negative Variance)	% Budgeted Revenues Received as of 5/31/23
Local Revenues						
District Assessment	\$	19,712,382	\$	18,287,935	\$ (1,424,447)	93%
Tuition From Others	\$	5,000	\$	54,483	\$ 49,483	1090%
Earnings on Investments-GF	\$	2,500	\$	80,651	\$ 78,151	3226%
Other Local Revenue	\$	25,000	\$	32,756	\$ 7,756	131%
Food Service Revenues	\$	180,000	\$	237,486	\$ 57,486	132%
Total Local Revenues	\$	19,924,882	\$	18,693,311	\$ (1,231,571)	94%
State Revenues						
Adequacy Aid	\$	3,067,716	\$	3,067,797	\$ 82	100%
State Education Tax	\$	1,407,023	\$	1,289,771	\$ (117,252)	92%
Other State Aid	\$	9,000	\$	144,620	\$ 135,620	1607%
FEMA	\$	-	\$	103,373	\$ 103,373	0%
SAFE Grants	\$	39,820	\$	-	\$ (39,820)	0%
Vocational Transportation Aid	\$	9,500	\$	14,326	\$ 4,826	151%
Special Education Aid	\$	162,950	\$	505,960	\$ 343,010	310%
Child Nutrition-State Breakfast	\$	5,000	\$	5,884	\$ 884	118%
Total State Revenues	\$	4,701,009	\$	5,131,731	\$ 430,722	109%
Federal Revenues** Federal Grants						
Title IA	\$	158,815	\$	126,578	\$ (32,237)	80%
Title IIA	\$	42,175	\$	17,344	\$ (24,831)	41%
IDEA and Preschool	\$	331,323	\$	254,598	\$ (76,725)	77%
Title IVA	\$	29,881	\$	29,638	\$ (243)	99%
ESSER CARES	\$	1,330,481	\$	517,356	\$ (813,125)	39%
Supply Chain Grant-Food Service	\$	49,376	\$	49,376	\$ 0	100%
NSLP Equipment Grant	\$	1,400	\$	-	\$ (1,400)	0%
Federal-Child Nutrition	\$	130,000	\$	121,776	\$ (8,224)	94%
Federal - E-RATE	\$	-	\$	4,523	\$ 4,523	0%
Federal-Medicaid	\$	110,000	\$	90,500	\$ (19,500)	82%
Total Federal Revenues	\$	2,183,450	\$	1,211,688	\$ (971,763)	55%
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Total Revenues	\$	26,809,341	\$	25,036,729	\$ (1,772,612)	93%

Other Revenues		Total Budget		YTD Activity	Variance (Negative Variance)	% Budgeted Revenues Received as of 5/31/23
Transfer to Trust Funds from GF (FY 22 WA #5)	\$	50,000	\$	50,000	\$ -	100%
Local Grants	\$	79,955	\$	70,056	\$ (9,899)	88%
Interest Trust Funds	\$	-	\$	1,206	\$ 1,206	
Interest Bond Fund	\$	-	\$	5,762	\$ 5,762	
Transfers from Bond Fund to GF (FY 23 WA #5)	\$	-	\$	162,110	\$ 162,110	
Transfers from Capital Reserve Funds to GF	\$	-	\$	161,069	\$ 161,069	
Total Revenues-All Funds	\$	26,939,296	\$	25,324,823	\$ (1,452,363)	

****Federal Grant Revenue budgets change throughout the year as grant activities are created from the remaining award allocations.**

Newmarket School District
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Additional Information Regarding Certain Revenue Category Variances Shown Above:

Category	Variance	Notes
Tuition from Others	\$49,483	This variance stems from two mid-year placements from other local school districts. These sending districts have agreed to pay tuition for the remainder of the 22-23 school year for these placements.
Earnings on Investments	\$78,151	This positive variance is due to interest rates increased by the Federal Reserve in response to inflation.
Food Service Revenues	\$ 57,486	We have already exceeded our budgeted food service revenues for 22-23. This is due to increased meal prices, additional food sales for à la carte items to students and slightly increased participation from our pre-COVID student participation rates.
Other State Aid	\$135,620	This amount is primarily due to the one-time NHRS contribution of 7.5% for teachers. Unless memorialized in legislation before the end of the year, this state revenue will not repeat in future years.
FEMA	\$103,373	We held a public hearing to accept and expend this unanticipated revenue. However, as we estimate our ending fund balance for FY23, this amount will represent a beneficial offset during the tax rate setting process in the fall of 2023.
Special Education Aid	\$343,010	This positive variance stems from additional state aid related to costs expended for Special Education students in excess of 3 ½ times the estimated state average expenditure per pupil in 21-22. This is a retroactive reimbursement of Special Education costs expended in 21-22.