

NEWMARKET SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

NEWMARKET SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX- 603-224-1380

INDEPENDENT AUDITOR'S REPORT

To the Members of the School Board
Newmarket School District
Newmarket, New Hampshire

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Newmarket School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Newmarket School District, as of June 30, 2022, the respective changes in financial position, and the respective budgetary comparisons for the major general fund, food service fund, and federal projects fund 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 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 Newmarket School District 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 Newmarket School District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Newmarket School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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.

***Newmarket School District
Independent Auditor's Report***

In performing an audit in accordance with generally accepted 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 Newmarket School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Newmarket School District's ability to continue as a going concern for a reasonable period of time.

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

Change in Accounting Principle

As discussed in Note 2-C to the financial statements, in the fiscal year 2022, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Required Supplementary Information - Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Management's Discussion and Analysis,
- Schedule of the School District's Proportionate Share of Net Pension Liability,
- Schedule of School District Contributions – Pensions,
- Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability,
- Schedule of School District Contributions – Other Postemployment Benefits,
- Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information - Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Newmarket School District's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are 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.

The combining and individual fund schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual fund schedules 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.

***Newmarket School District
Independent Auditor's Report***

Other Reporting Required by Government Auditing Standards

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

Sheryl A. Platt, CPA

January 9, 2023
Concord, New Hampshire

PLODZIK & SANDERSON
Professional Association

NEWMARKET SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

As management of New Hampshire School Administrative Unit (SAU) #31, the Newmarket School District (the District), we offer readers of the District's annual financial statements this narrative discussion and brief analysis of the financial activities of the District for the fiscal year ended June 30, 2022. This management's discussion and analysis (MD&A) is prepared in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 34 (GASB-34). This section consists of a brief summary of some of the District's financial activities based on currently known facts, decisions, and conditions. This section is only an introduction and we encourage readers to consider the information presented here in conjunction with additional information found within the body of the annual financial statements and the notes included with this annual financial report.

FINANCIAL HIGHLIGHTS

- The Newmarket School District was significantly impacted by COVID-19 in FY 22. As a result of necessary changes to operations and a challenging labor market, expenditure variances occurred in FY 22. While certain unbudgeted, additional costs were incurred as a result of COVID-19, other budgeted funds were not expended due to the District's inability to hire staff or implement planned educational initiatives. In addition, the District received significantly higher revenues as a result of COVID-19 federal and state funding. For the third year in a row, these factors resulted in a larger than expected unassigned fund balance at the close of FY 22 of \$1,580,558¹ which was due in part to both unexpended balance of general fund appropriations in the amount of \$527,278² and a revenue surplus of \$648,648³.
- The District's total net position for the year ending June 30, 2021, was (\$8,200,390)⁴. The total net position consisted of \$6,495,963 in the net investment in capital assets, a restricted net position of \$542,365 and an unrestricted net position balance of (\$15,238,718)⁵.
- The District's total liabilities of \$54,438,900⁶ consisted primarily of long-term liabilities including bonds/notes \$33,347,783⁷, net pension liability \$14,456,750⁸ and estimated other postemployment benefits of \$2,809,180⁹. Governmental Accounting Standards Board Statement No. 75, requires that districts implement Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This liability represents an estimate of the cost to the District for additional postemployment benefits, primarily, retiree health insurance.
- During the year, the District's expenses from governmental activities totaled \$24,779,735¹⁰ with \$13,270,790 (53.56%) expended for instruction and an additional \$1,761,063¹¹ (7.11%) expended for additional student support services.
- Total revenues were \$24,964,845¹² and consisted of charges for services, operating and capital grants restricted for specific programs, and general revenues (consisting of local and state property tax assessments and grants and contributions not restricted to specific programs). Local assessments generated 69.74% of the District's revenue.

¹ Schedule 3

² Schedule 2

³ Schedule 1

⁴ Exhibit A

⁵ Exhibit A

⁶ Exhibit A

⁷ Exhibit C-2

⁸ Exhibit C-2

⁹ Exhibit C-2

¹⁰ Exhibit B

¹¹ Exhibit B

¹² Exhibit C-3

NEWMARKET SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

- The fiscal year end balances for the governmental funds as of June 30, 2022 were categorized as follows:
 - **Non-Spendable**= \$15,291 (inventory)¹³
 - **Restricted**= \$527,074 (capital projects, State and local grants, and food service)¹⁴
 - **Committed** = \$1,664,384¹⁵
 - Expendable Trusts/Capital Reserve funds:** \$1,614,384
 - Voted Appropriations:** \$50,000
 - **Assigned** = \$327,324 (Encumbrance for amounts owed, student activity funds)¹⁶
 - **Unassigned** = \$1,580,558¹⁷
 - 2.5% Retained Balance (per RSA 198:4-bII):** \$483,858¹⁸
 - Unassigned, unrestricted:** \$1,096,700¹⁹

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's annual financial report, which consists of basic financial statements, notes, and related financial/compliance information. Our annual financial report consists of four elements:

- 1) government-wide financial statements
- 2) fund financial statements
- 3) notes to the financial statements
- 4) required supplementary information including this discussion and analysis.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The financial statements also include notes that explain some of the information in the financial statements.

Government-wide Financial Statements

The government-wide financial statements show functions of the District that are principally supported by property taxes and intergovernmental revenues as "governmental activities." Intergovernmental revenues include local, state and federal monies. The governmental activities of the District include instruction, support services, administration, operation and maintenance of plant, student transportation, operation of non-instructional services and interest on long-term debt. Taxes and intergovernmental revenues also support fixed assets and related debt.

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 fund financial statements focus on the individual parts of the government and report the District's operations in more detail than the government-wide statements. Fund definitions are part of a state mandated uniform accounting system and chart of accounts for all New Hampshire school districts. The

¹³ Note 13

¹⁴ Note 13

¹⁵ Note 13

¹⁶ Note 13

¹⁷ Exhibit C-1 and Note 13

¹⁸ Note 13

¹⁹ Note 13

NEWMARKET SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Statement of Net Position²⁰

The District's current year net position is higher than the prior year net position. Net position at June 30, 2022 was (\$8,200,390) compared to (\$8,385,500) at June 30, 2021, a change in net position of \$185,110. Below is a comparison of net position for fiscal year 2022²¹ and fiscal year 2021²².

Governmental Activities Two-Year Comparison Statement of Net Position				
	2022	2021	Change	% Change
Assets				
Current assets	\$ 4,269,312	\$ 4,230,616	\$ 38,696	0.91%
Capital assets, net of accumulated depreciation	42,468,275	43,595,309	(1,127,034)	-2.59%
Total assets	46,737,587	47,825,925	(1,088,338)	-2.28%
Deferred outflows of resources	5,750,737	7,054,890	(1,304,153)	-18.49%
Liabilities				
Current liabilities	652,659	629,127	23,532	3.74%
Long-term liabilities	53,786,241	61,279,155	(7,492,914)	-12.23%
Total liabilities	54,438,900	61,908,282	(7,469,382)	-12.07%
Deferred inflows of resources	6,249,814	1,358,033	4,891,781	360.21%
Net Position	\$ (8,200,390)	\$ (8,385,500)	\$ 185,110	2.21%

Statement of Activities²³

The District had total expenditures of \$24.8 million with revenues of \$25.0 million. The District's expenses cover a range of services, the largest of which are school instruction (53.6% of total expenses) and support services (39.3% of total expenses). Below is a comparison of expenditures and revenues for FY 2022²⁴ and FY 2021²⁵.

²⁰ Exhibit A, FY 2022

²¹ Exhibit A, FY 2022

²² Exhibit A, FY 2021

²³ Exhibit B, FY 2022

²⁴ Exhibit B, FY 2022

²⁵ Exhibit B, FY 2021

NEWMARKET SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

Governmental Activities
Two-Year Comparison
Statement of Activities

	6/30/2022	6/30/2021	Change	% Change
Revenues				
Program Revenues				
Charges for Services	\$ 57,939	\$ 26,236	\$ 31,703	120.84%
Operating Grants & Contributions	1,885,977	1,594,804	291,173	18.26%
Capital Grants and Contributions	252,497	256,730	(4,233)	-1.65%
General Revenues				
School District Assessment	17,410,242	16,196,879	1,213,363	7.49%
Grants and contributions not restricted to specific programs	5,273,390	4,752,046	521,344	10.97%
Interest	5,813	10,128	(4,315)	-42.60%
Miscellaneous	78,987	283,861	(204,874)	-72.17%
Total Revenues	<u>24,964,845</u>	<u>23,120,684</u>	<u>1,844,161</u>	<u>7.98%</u>
Expenses				
Instruction	13,270,790	14,524,888	(1,254,098)	-8.63%
Support Services:				
Student	1,761,063	1,454,522	306,541	21.08%
Instructional Staff	1,322,412	1,196,639	125,773	10.51%
General Administration	2,631,404	2,849,677	(218,273)	-7.66%
Operation and Maintenance of Plant	3,107,513	2,149,920	957,593	44.54%
Student Transportaion	854,143	678,719	175,424	25.85%
Other	57,657	103,133	(45,476)	-44.09%
Noninstructional Services	513,313	378,395	134,918	35.66%
Interest on Long-Term Debt	1,261,440	1,295,370	(33,930)	-2.62%
Total Expenses	<u>24,779,735</u>	<u>24,631,263</u>	<u>148,472</u>	<u>0.60%</u>
Change in Net Position	185,110	(1,510,579)	1,695,689	-112.25%
Net Position beginning	(8,385,500)	(6,874,921)	(1,510,579)	-21.97%
Net Position ending	<u>\$ (8,200,390)</u>	<u>\$ (8,385,500)</u>	<u>\$ 185,110</u>	<u>2.21%</u>

Comments on General Fund Budget Comparisons²⁶

- General fund actual revenues totaling \$23,232,582 exceeded budgeted revenues by \$620,868 (2.7%).
 - **Local sources** totaling \$110,657 were above budget by \$78,157 primarily due to a health insurance holiday premium, unanticipated tuition revenue and the reimbursement of personnel expenditures for the facilities director position, shared with the Town.

²⁶ Exhibit D-1

NEWMARKET SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

- **State sources** totaling \$5,148,500 were above budget by \$89,528 primarily due to higher than anticipated Special Education Aid.
- **Federal sources** totaling \$563,183 were above budgeted revenues by \$453,183 due to unanticipated FEMA revenues related to COVID-19.
- General fund expenditures (including encumbrances to the subsequent year) totaling \$23,124,382 were less than appropriations (including encumbrances from the prior year) totaling \$23,510,109 by \$385,727 (1.6%). Significant general fund budget variances occurred in these functions:
 - **Instruction** totaling \$12,975,732 is the largest expense of the District and was below budget by \$426,574 primarily due to our inability to fill open positions as a result of COVID-19, changes in personnel salaries and changes in health/dental insurance elections by employees.
 - **Student support services** totaling \$1,529,557 was below budget by \$55,837 primarily due to changes in personnel and benefits.
 - **Instructional staff support services** totaling \$1,153,037 was below budget by \$35,405 primarily due to changes in personnel and benefits.
 - **General administration** totaling \$304,956 was over budget by \$137,993 primarily due to higher than anticipated legal expenditures and the encumbrance of year end funds.
 - **Executive administration** totaling \$922,266 was below budget by \$13,574 primarily due to changes in personnel, benefits and contracted services.
 - **School administration** totaling \$1,169,024 was below budget by \$62,268 primarily due to changes in personnel and benefits.
 - **Business** totaling \$395,622 was below budget by \$34,388 primarily due to changes in personnel and benefits.
 - **Operation and maintenance of plant** totaling \$1,654,578 was above budget by \$247,415 primarily due to the costs of facilities sanitation needs. To adequately address COVID-19, the District operated a hybrid custodial services model which utilized contracted custodial services. It is important to note that a large portion of these costs were offset by FEMA revenues under project DR 4516. These additional revenues are shown in our analysis above as additional Federal revenues, and in Exhibit D-1.
 - **Student transportation** totaling \$816,575 was below budget by \$116,429 primarily due to a national bus driver shortage which resulted in a reduction to our fleet of regular buses and reduced availability for athletic and co-curricular transportation.
 - **Other** totaling \$57,657 was below budget by \$59,040 primarily due to our inability to fill open positions as a result of COVID-19.

We are constantly making changes to our budget planning processes to improve the accuracy of our budget assessments and reduce the size and frequency of future budget variances. Since it is not possible to know in advance all of the circumstances that might create budget variances, we will continue to estimate future costs based on our experience, judgment, and actual expenditure data.

NEWMARKET SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2022, the District reported capital assets of \$42,468,275²⁷, which consist of a broad range of capital assets, including land & land improvements, buildings & improvements, equipment and vehicles. More detailed information about the District's capital assets is presented in the notes to the financial statements, see Note 5.

Governmental Activities
Capital Assets

	Beginning Balance 7/1/2021	Changes	Ending Balance 6/30/2022
Non-Depreciable Assets:			
Land	\$ 1,658,841	\$ -	\$ 1,658,841
Construction in Progress	-	-	-
Depreciable Assets:			
Land improvements	5,100	-	5,100
Buildings and Improvements	49,597,286	-	49,597,286
Equipment and Vehicles	992,605	(188,127)	804,478
Total All Capital Assets	52,253,832	(188,127)	52,065,705
Less Accumulated Depreciation	(8,658,523)	(938,907)	(9,597,430)
Net Book Value, Capital Assets Being Depreciated	41,936,468	(1,127,034)	40,809,434
Net Value, All Capital Assets	<u>\$ 43,595,309</u>	<u>\$ (1,127,034)</u>	<u>\$ 42,468,275</u>

Long-Term Liabilities

The District is complying with Governmental Accounting Standards Board requirements in terms of net other postemployment benefits (GASB Statement No. 75) and net pension related liability (GASB Statement No 68). The District also reports compensated absences as a long-term liability. The following table illustrates the changes and balances for all long-term liabilities. More detailed information on the District's long-term liabilities is presented in the notes to the financial statements, see Notes 8, 9 & 10.

²⁷ Note 5

NEWMARKET SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

Governmental Activities
Long-Term Liabilities

	<u>June 30, 2022</u>	<u>July 1, 2021</u>	<u>Change</u>
Bond Payable:			
General Obligation Bond	\$ 33,120,000	\$ 33,845,000	\$ (725,000)
Direct Borrowings -Notes Payable	227,783	123,176	104,607
Premium	<u>2,624,529</u>	<u>2,729,511</u>	<u>(104,982)</u>
Total Bond Payable	35,972,312	36,697,687	(725,375)
Compensated Absences	547,999	494,142	53,857
Pension Related Liability	14,456,750	19,789,838	(5,333,088)
Net Other Postemployment Benefits	<u>2,809,180</u>	<u>4,297,488</u>	<u>(1,488,308)</u>
Total Long-Term Liabilities	<u>\$ 53,786,241</u>	<u>\$ 61,279,155</u>	<u>\$ (7,492,914)</u>

FUTURE BUDGETARY IMPLICATIONS

Significant activities or events, which will have an impact on future district finances, include:

- The State shifting cost responsibilities to local governments may have an impact on taxation calculations.
- Operations in FY 23 requiring modifications to staffing, operations and facilities as we readjust to a post-COVID environment.
- Changes in the State education funding model which may have an impact on taxation calculations.
- Economic factors related to supply-chain disruptions, federal interest rates, inflation and/or variances in utility and fuel costs could significantly impact our operating costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Administrator, at (603) 659-5020 or by mail at:

Newmarket School District
186 A South Main Street
Newmarket, NH 03857

BASIC FINANCIAL STATEMENTS

EXHIBIT A
NEWMARKET SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,132,850
Other receivables	343
Intergovernmental receivable	2,120,828
Inventory	15,291
Capital assets, not being depreciated	1,658,841
Capital assets, net of accumulated depreciation	40,809,434
Total assets	46,737,587
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	5,100,557
Amounts related to other postemployment benefits	650,180
Total deferred outflows of resources	5,750,737
LIABILITIES	
Accounts payable	113,240
Accrued salaries and benefits	28,061
Accrued interest payable	511,358
Noncurrent obligations:	
Due within one year	921,367
Due in more than one year	52,864,874
Total liabilities	54,438,900
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - grants received in advance	13,380
Amounts related to pensions	4,324,353
Amounts related to other postemployment benefits	1,912,081
Total deferred inflows of resources	6,249,814
NET POSITION	
Net investment in capital assets	6,495,963
Restricted	542,365
Unrestricted	(15,238,718)
Total net position	\$ (8,200,390)

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT B
NEWMARKET SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 13,270,790	\$ 27,298	\$ 970,810	\$ -	\$(12,272,682)
Support services:					
Student	1,761,063	-	97,749	-	(1,663,314)
Instructional staff	1,322,412	-	148,467	-	(1,173,945)
General administration	166,792	-	-	-	(166,792)
Executive administration	931,253	-	8,611	-	(922,642)
School administration	1,144,359	-	-	-	(1,144,359)
Business	389,000	-	-	-	(389,000)
Operation and maintenance of plant	3,107,513	-	-	252,110	(2,855,403)
Student transportation	854,143	-	46,771	-	(807,372)
Other	57,657	-	-	-	(57,657)
Noninstructional services	513,313	30,641	613,569	-	130,897
Interest on long-term debt	1,261,440	-	-	-	(1,261,440)
Facilities acquisition and construction	-	-	-	387	387
Total governmental activities	<u>\$ 24,779,735</u>	<u>\$ 57,939</u>	<u>\$ 1,885,977</u>	<u>\$ 252,497</u>	<u>(22,583,322)</u>
General revenues:					
School district assessment					17,410,242
Grants and contributions not restricted to specific programs					5,273,390
Interest					5,813
Miscellaneous					78,987
Total general revenues					<u>22,768,432</u>
Change in net position					185,110
Net position, beginning					<u>(8,385,500)</u>
Net position, ending					<u>\$ (8,200,390)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-1
NEWMARKET SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2022

	General	Food Service	Federal Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,555,013	\$ 40,741	\$ -	\$ 537,096	\$ 2,132,850
Receivables:					
Accounts	-	343	-	-	343
Intergovernmental	1,703,165	168,372	249,291	-	2,120,828
Interfund receivables	249,291	-	-	-	249,291
Inventory	-	15,291	-	-	15,291
Total assets	<u>\$ 3,507,469</u>	<u>\$ 224,747</u>	<u>\$ 249,291</u>	<u>\$ 537,096</u>	<u>\$ 4,518,603</u>
LIABILITIES					
Accounts payable	\$ 33,059	\$ 80,181	\$ -	\$ -	\$ 113,240
Accrued salaries and benefits	28,061	-	-	-	28,061
Interfund payable	-	-	249,291	-	249,291
Total liabilities	<u>61,120</u>	<u>80,181</u>	<u>249,291</u>	<u>-</u>	<u>390,592</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants received in advance	-	13,380	-	-	13,380
FUND BALANCES					
Nonspendable	-	15,291	-	-	15,291
Restricted	-	115,895	-	411,179	527,074
Committed	1,664,384	-	-	-	1,664,384
Assigned	201,407	-	-	125,917	327,324
Unassigned	1,580,558	-	-	-	1,580,558
Total fund balances	<u>3,446,349</u>	<u>131,186</u>	<u>-</u>	<u>537,096</u>	<u>4,114,631</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,507,469</u>	<u>\$ 224,747</u>	<u>\$ 249,291</u>	<u>\$ 537,096</u>	<u>\$ 4,518,603</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-2
NEWMARKET SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2022

Total fund balances of governmental funds (Exhibit C-1)		\$ 4,114,631
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 52,065,705	
Less accumulated depreciation	<u>(9,597,430)</u>	42,468,275
Pension and other postemployment benefits (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 related to pensions	\$ 5,100,557	
Deferred inflows of resources related to pensions	(4,324,353)	
Deferred outflows of resources related to OPEB	650,180	
Deferred inflows of resources related to OPEB	<u>(1,912,081)</u>	(485,697)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (249,291)	
Payables	<u>249,291</u>	-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(511,358)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bond/notes	\$ 33,347,783	
Unamortized bond premium	2,624,529	
Compensated absences	547,999	
Net pension liability	14,456,750	
Other postemployment benefits	<u>2,809,180</u>	(53,786,241)
Net position of governmental activities (Exhibit A)		<u><u>\$ (8,200,390)</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-3
NEWMARKET SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	General	Food Service	Federal Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
School district assessment	\$ 17,410,242	\$ -	\$ -	\$ -	\$ 17,410,242
Other local	120,846	33,872	-	85,389	240,107
State	5,148,500	6,825	-	-	5,155,325
Federal	563,183	603,513	992,475	-	2,159,171
Total revenues	<u>23,242,771</u>	<u>644,210</u>	<u>992,475</u>	<u>85,389</u>	<u>24,964,845</u>
EXPENDITURES					
Current:					
Instruction	12,980,545	-	700,080	93,551	13,774,176
Support services:					
Student	1,681,762	-	97,749	17	1,779,528
Instructional staff	1,187,898	-	148,467	1,030	1,337,395
General administration	190,588	-	-	-	190,588
Executive administration	922,266	-	8,611	376	931,253
School administration	1,169,024	-	-	-	1,169,024
Business	395,622	-	-	-	395,622
Operation and maintenance of plant	1,959,019	-	-	-	1,959,019
Student transportation	816,575	-	37,568	-	854,143
Other	57,657	-	-	-	57,657
Noninstructional services	-	513,024	-	314	513,338
Debt service:					
Principal	736,132	-	-	-	736,132
Interest	1,376,866	-	-	-	1,376,866
Facilities acquisition and construction	32,380	-	-	20,506	52,886
Total expenditures	<u>23,506,334</u>	<u>513,024</u>	<u>992,475</u>	<u>115,794</u>	<u>25,127,627</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(263,563)</u>	<u>131,186</u>	<u>-</u>	<u>(30,405)</u>	<u>(162,782)</u>
OTHER FINANCING SOURCES					
Inception of note (see Note 2-C)	<u>154,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,122</u>
Net change in fund balances	(109,441)	131,186	-	(30,405)	(8,660)
Fund balances, beginning	<u>3,555,790</u>	<u>-</u>	<u>-</u>	<u>567,501</u>	<u>4,123,291</u>
Fund balances, ending	<u>\$ 3,446,349</u>	<u>\$ 131,186</u>	<u>\$ -</u>	<u>\$ 537,096</u>	<u>\$ 4,114,631</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-4
NEWMARKET SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Net change in fund balances of total governmental funds (Exhibit C-3)	\$	(8,660)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 33,573	
Depreciation expense	<u>(1,160,607)</u>	(1,127,034)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Issuance of note	\$ (154,122)	
Principal repayment of bond	725,000	
Principal repayment of notes	49,515	
Amortization of bond premium	<u>104,982</u>	725,375
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 10,444	
Increase in compensated absences payable	(53,857)	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	288,076	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>350,766</u>	595,429
Change in net position of governmental activities (Exhibit B)	\$	<u><u>185,110</u></u>

EXHIBIT D-1
NEWMARKET SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
School district assessment	\$ 17,410,242	\$ 17,410,242	\$ 17,410,242	\$ -
Other local	32,500	32,500	110,657	78,157
State	5,058,972	5,058,972	5,148,500	89,528
Federal	110,000	110,000	563,183	453,183
Total revenues	<u>22,611,714</u>	<u>22,611,714</u>	<u>23,232,582</u>	<u>620,868</u>
EXPENDITURES				
Current:				
Instruction	13,338,347	13,402,306	12,975,732	426,574
Support services:				
Student	1,556,356	1,585,394	1,529,557	55,837
Instructional staff	1,168,442	1,188,442	1,153,037	35,405
General administration	259,546	166,963	304,956	(137,993)
Executive administration	975,001	935,840	922,266	13,574
School administration	1,212,945	1,231,292	1,169,024	62,268
Business	430,010	430,010	395,622	34,388
Operation and maintenance of plant	1,406,763	1,407,163	1,654,578	(247,415)
Student transportation	933,004	933,004	816,575	116,429
Other	116,697	116,697	57,657	59,040
Debt service:				
Principal	736,132	736,132	736,132	-
Interest	1,376,866	1,376,866	1,376,866	-
Facilities acquisition and construction	-	-	32,380	(32,380)
Total expenditures	<u>23,510,109</u>	<u>23,510,109</u>	<u>23,124,382</u>	<u>385,727</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(898,395)</u>	<u>(898,395)</u>	<u>108,200</u>	<u>1,006,595</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	27,780	27,780
Transfers out	(749,806)	(749,806)	(608,255)	141,551
Total other financing sources (uses)	<u>(749,806)</u>	<u>(749,806)</u>	<u>(580,475)</u>	<u>169,331</u>
Net change in fund balance	<u>\$ (1,648,201)</u>	<u>\$ (1,648,201)</u>	(472,275)	<u>\$ 1,175,926</u>
Decrease in committed fund balance			60,000	
Unassigned fund balance, beginning			1,992,833	
Unassigned fund balance, ending			<u>\$ 1,580,558</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT D-2
NEWMARKET SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Food Service Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Local:				
Sales	\$ 5,000	\$ 5,000	\$ 30,641	\$ 25,641
Miscellaneous	-	-	3,231	3,231
State:				
Lunch reimbursement	5,000	6,825	6,825	-
Federal:				
Lunch reimbursement	260,000	419,966	419,966	-
Breakfast reimbursement	-	137,832	137,832	-
USDA commodities	-	28,364	28,364	-
Other miscellaneous grants	-	17,351	17,351	-
Total revenues	<u>270,000</u>	<u>615,338</u>	<u>644,210</u>	<u>28,872</u>
EXPENDITURES				
Current:				
Noninstructional services	<u>381,551</u>	<u>726,889</u>	<u>513,024</u>	<u>213,865</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(111,551)</u>	<u>(111,551)</u>	<u>131,186</u>	<u>242,737</u>
OTHER FINANCING SOURCES				
Transfers in	<u>111,551</u>	<u>111,551</u>	<u>-</u>	<u>(111,551)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>131,186</u>	<u>\$131,186</u>
Fund balance, beginning			-	
Fund balance, ending			<u>\$ 131,186</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT D-3
NEWMARKET SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Federal Projects Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Federal	\$ 500,000	\$ 992,475	\$ 992,475	\$ -
EXPENDITURES				
Current:				
Instruction	500,000	700,080	700,080	-
Support services:				
Student	-	97,749	97,749	-
Instructional staff	-	148,467	148,467	-
Executive administration	-	8,611	8,611	-
Student transportation	-	37,568	37,568	-
Total expenditures	500,000	992,475	992,475	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning			-	
Fund balance, ending			\$ -	

The Notes to the Basic Financial Statements are an integral part of this statement.

NEWMARKET SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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NEWMARKET SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Newmarket School District, in Newmarket, New Hampshire (the School District), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

1-A Reporting Entity

The Newmarket School District is a municipal corporation governed by an elected five-member School Board. In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The School District has no component units to include in its reporting entity.

The following is a summary of the more significant accounting policies:

1-B Government-wide and Fund Financial Statements

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported through assessments and intergovernmental revenues.

The *Statement of Net Position* presents the financial position of the School District at year-end. This Statement includes all of the School District’s non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function 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 and contributions that are restricted to meeting the operational or capital requirements of a particular function. Assessments and other items not meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue.

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds and are presented in the other governmental column of the fund financial statements.

In the governmental fund financial statements, expenditures are reported by character: current, support services, debt services, facilities acquisition, and construction or noninstructional. Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Debt service includes both interest and principal outlays related to the bond and notes. Capital outlay includes expenditures for equipment, real property, or infrastructure.

Other Financing Sources (Uses) – These additions to and reductions from resources in governmental fund financial statements normally result from transfers from/to other funds. Transfers are reported when incurred as “transfers in” by the receiving fund and as “transfers out” by the disbursing fund.

1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement Focus and Basis of Accounting – The government-wide 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 the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 School District generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. District assessments,

NEWMARKET SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

intergovernmental revenue, and other local sources associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Financial Statement Presentation – A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

The School District reports the following major governmental funds:

General Fund – is the School District’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include district assessments, state and federal grants, and other local sources. The primary expenditures are for instruction, support services, debt service, and facilities acquisition and construction. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* guidance, district-supported student activity accounts and the expendable trust funds are consolidated in the general fund.

Food Service Fund – accounts for the operation of the School District’s food service program.

Federal Projects Fund – accounts for the resources received from various federal agencies. The resources are restricted to accomplishing the various objectives of the grantor agencies.

Nonmajor Funds – The School District also reports three nonmajor governmental funds.

1-D Cash and Cash Equivalents

The School District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist of demand deposits. A cash pool is maintained that is available for use by all funds. Each fund’s portion of this pool is reflected on the combined financial statements under the caption “cash and cash equivalents.”

New Hampshire statutes require that the School District treasurer have custody of all money belonging to the School District and pay out the same only upon orders of the School Board. The treasurer shall deposit all such monies in participation units in the public deposit investment pool established pursuant to NH RSA 383:22 or in solvent banks in the State. Funds may be deposited in banks outside the State if such banks pledge and deliver to a third-party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-E Receivables

Receivables in the government-wide and governmental fund financial statements represent amounts due to the School District at June 30, recorded as revenue, which will be collected in the future and consist primarily of accounts and intergovernmental receivables.

1-F Inventory

Inventories are valued at cost (first-in, first-out) which approximates market. The School District’s inventories include various items consisting of materials and supplies held for subsequent use. Inventorial items are recorded as expenditures when consumed at the schools (the consumption method). The nonspendable fund balance in the food service fund is equal to the inventory at year-end to indicate the portion of fund balance that is nonspendable.

NEWMARKET SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

1-G Capital Assets

Capital assets are reported in the governmental activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015, are recorded at acquisition value. For capitalization as a capital asset, the School District has required an asset to have an estimated useful life greater than five years and a cost equal to or greater than the following:

	Capitalization Threshold
Land improvements	\$50,000
Buildings and building improvements	\$50,000
Equipment and vehicles	\$10,000 - \$15,000

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund’s measurement focus. General capital assets are assets of the School District as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position.

In the government-wide financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included in income.

Capital assets of the School District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Class:	Years
Land improvements	20
Buildings and building improvements	3 - 45
Equipment and vehicles	3 - 15

1-H Interfund Balances

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

1-I Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2022.

1-J Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position that applies to a future period(s) and thus will not be recognized as an outflow of resources (expense) until that time. The School District has two items that qualify for reporting in this category. Deferred outflows related to pensions and deferred outflows related to OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. The School District has three types of items which qualify for reporting in this category. Deferred inflows of resources related to pensions and OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years. In addition, unavailable revenue from grants arises when the related eligible expenditures will not be made until the subsequent period.

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1-K Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premium is deferred and amortized over the life of the bond using the straight-line method.

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, the School District utilizes the following classifications to categorize the financial transactions:

Direct Borrowings – financial transactions for a note or a loan where the School District negotiates certain terms with a single lender and are not offered for public sale.

Direct Placements – financial transactions for the sale of bonds where the School District engages with a single buyer or limited number of buyers without a public offering.

1-L Compensated Absences

General leave for the School District includes vacation, sick, and retirement stipend pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon retirement or termination, employees are paid full value for any accrued general leave earned as set forth by the School District's personnel policy.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable financial resources are maintained separately and represent a reconciling item between the governmental fund and government-wide presentations.

1-M Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

1-N Postemployment Benefits Other Than Pensions (OPEB)

The School District maintains two separate other postemployment benefit plans, as follows:

New Hampshire Retirement System Plan – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Single Employer Plan – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the School District's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

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1-O Net Position/Fund Balances

Government-wide statements – Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of the bond, notes, or other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The School District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future period.

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

Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

Restricted – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (School District Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or through the Board delegating this responsibility to the Superintendent or Business Administrator through the budgetary process.

Unassigned – The portion of fund balance that has not been restricted, committed, or assigned for a specific purpose.

When multiple net position/fund balance classifications are available for use, it is the School District's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

In accordance with RSA 198:4-bII, *Contingency Fund*, the School District voted to retain general fund unassigned fund balance of \$483,858, which is 2.5% of the net district assessment, to be used for emergency expenditures, or to use as a revenue source to reduce the tax rate. At its 2022 annual District meeting, the School District did approve an increase in the amount of unassigned fund balance that may be retained from 2.5% to 5.0%.

1-P Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include assessing the collectability of accounts receivable, recoverability of inventory, the useful lives of capital assets, net pension liability, other postemployment benefit liability, and deferred outflows and inflows of resources related to both pension and other postemployment benefits, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

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NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the School District's operations. At its annual meeting, the School District adopts a budget for the current year for the general, food service, and federal projects funds. The School Board has voted and accepted the federal grants awarded to the School District through the year, so these amounts are reported as a final budget for the federal projects fund, which is also reported as a major fund. Except as reconciled below, the budget was adopted on a basis consistent with United States generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2021, \$1,538,201 of the beginning general fund unassigned fund balance was applied for this purpose. Additionally, \$110,000 was appropriated to fund the School District's capital reserve funds.

2-B Budgetary Reconciliation to GAAP Basis

While the School District reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual is presented for each major governmental fund which had a budget. There are no differences between the budgetary basis and GAAP basis of accounting for the major food service and federal projects funds. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	
Per Exhibit D-1 (budgetary basis)	\$ 23,260,362
Adjustments:	
Basis differences:	
Inception of note (see Note 2-C)	154,122
GASB Statement No. 54:	
To remove transfer between the blended expendable trust fund to the general fund	(27,780)
Interest earnings of the blended expendable trust funds	1,441
Revenue of the blended district-supported student activity funds	8,748
Per Exhibit C-3 (GAAP Basis)	<u>\$ 23,396,893</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 23,732,637
Adjustments:	
Basis differences:	
Encumbrances, beginning	409,033
Encumbrances, ending	(188,402)
Inception of note (see Note 2-C)	154,122
GASB Statement No. 54:	
To remove transfer between the general fund to the blended expendable trust fund	(608,255)
Expenditures of the blended district-supported student activity funds	7,199
Per Exhibit C-3 (GAAP basis)	<u>\$ 23,506,334</u>

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2-C Accounting Change

Governmental Accounting Standards Board Statement No. 87, *Leases*, was implemented during fiscal year 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The implementation of this Statement resulted in a reclassification of the prior year capital lease liability as a note payable, however beginning net position was not affected.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School District's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the School District's agent in the School District's name. The FDIC currently insures the first \$250,000 of the School District's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by collateral. As of year-end, the carrying amount of the School District's deposits was \$2,132,850 and the bank balances totaled \$3,088,393.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2022, consisted of accounts and intergovernmental amounts arising from Medicaid, grants, the school lunch program, expendable trust funds held by the Town of Newmarket Trustees of Trust Funds for the School District, and other miscellaneous amounts. Receivables are recorded on the School District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, consisted of the following:

	Balance, beginning	Additions	Retirements	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 1,658,841	\$ -	\$ -	\$ 1,658,841
Total capital assets not being depreciated	<u>1,658,841</u>	<u>-</u>	<u>-</u>	<u>1,658,841</u>
Being depreciated:				
Land improvements	5,100	-	-	5,100
Buildings and building improvements	49,597,286	-	-	49,597,286
Equipment and vehicles	992,605	33,573	(221,700)	804,478
Total capital assets being depreciated	<u>50,594,991</u>	<u>33,573</u>	<u>(221,700)</u>	<u>50,406,864</u>
Total capital assets	<u>52,253,832</u>	<u>33,573</u>	<u>(221,700)</u>	<u>52,065,705</u>
Less accumulated depreciation:				
Land improvements	(5,100)	-	-	(5,100)
Buildings and building improvements	(8,143,911)	(1,111,165)	-	(9,255,076)
Equipment and vehicles	(509,512)	(49,442)	221,700	(337,254)
Total accumulated depreciation	<u>(8,658,523)</u>	<u>(1,160,607)</u>	<u>221,700</u>	<u>(9,597,430)</u>
Net book value, capital assets being depreciated	<u>41,936,468</u>	<u>(1,127,034)</u>	<u>-</u>	<u>40,809,434</u>
Net book value, all capital assets	<u>\$ 43,595,309</u>	<u>\$ (1,127,034)</u>	<u>\$ -</u>	<u>\$ 42,468,275</u>

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Depreciation expense was charged to functions of the School District based on their usage of the related assets. The amounts allocated to each function are as follows:

Instruction	\$ 2,182
Support services:	
General administration	13,596
Operation and maintenance of plant	1,143,051
Noninstructional services	1,778
Total depreciation expense	\$ 1,160,607

NOTE 6 – INTERFUND BALANCES

The balance of \$249,291 due to the general fund from the federal projects fund results from loans made in anticipation of federal grants.

NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2022 consist of amounts related to pensions totaling \$5,100,557 and amounts related to OPEB totaling \$650,180. For further discussion on these amounts, see Notes 9 and 10, respectively.

Deferred inflows of resources at June 30, 2022 consist of the following:

	Governmental Activities	Food Service
Federal grant revenue collected in advance of eligible expenditures being made	\$ 13,380	\$ 13,380
Amounts related to pensions, see Note 9	4,324,353	-
Amounts related to OPEB, see Note 10	1,912,081	-
Total deferred inflows of resources	\$ 6,249,814	\$ 13,380

NOTE 8 – LONG-TERM LIABILITIES

Changes in the School District’s long-term liabilities consisted of the following for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year	Due In More Than One Year
Bond payable:						
Direct placement	\$33,845,000	\$ -	\$ (725,000)	\$ 33,120,000	\$ 765,000	\$ 32,355,000
Direct borrowings - Notes payable	123,176	154,122	(49,515)	227,783	40,531	187,252
Premium	2,729,511	-	(104,982)	2,624,529	104,982	2,519,547
Total bond/notes payable	36,697,687	154,122	(879,497)	35,972,312	910,513	35,061,799
Compensated absences	494,142	58,861	(5,004)	547,999	10,854	537,145
Pension related liability	19,789,838	-	(5,333,088)	14,456,750	-	14,456,750
Net other postemployment benefits	4,297,488	-	(1,488,308)	2,809,180	-	2,809,180
Total long-term liabilities	\$61,279,155	\$ 212,983	\$ (7,705,897)	\$ 53,786,241	\$ 921,367	\$ 52,864,874

NEWMARKET SCHOOL DISTRICT
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The long-term bond/notes are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2022
Bond payable:					
Direct placement:					
School Building Renovation	\$35,816,700	2017	2047	3.33%	\$ 33,120,000
Direct borrowings - Notes payable					
Energy performance upgrades	\$ 85,250	2019	2029	3.79%	\$ 69,638
Energy performance upgrades	\$ 43,750	2019	2029	4.72%	36,536
Office equipment	\$ 154,122	2021	2026	3.29%	121,609
Total direct borrowings					\$ 227,783

The annual requirements to amortize the general obligation bond/notes outstanding as of June 30, 2022, including interest payments, are as follows:

Fiscal Year Ending June 30,	Bond - Direct Placement			Notes - Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 765,000	\$ 1,334,013	\$ 2,099,013	\$ 40,531	\$ 8,402	\$ 48,933
2024	805,000	1,293,978	2,098,978	40,958	7,976	48,934
2025	845,000	1,251,903	2,096,903	43,436	5,497	48,933
2026	885,000	1,207,787	2,092,787	44,968	3,965	48,933
2027	935,000	1,161,368	2,096,368	13,610	2,380	15,990
2028-2032	5,380,000	5,075,345	10,455,345	44,280	3,690	47,970
2033-2037	6,480,000	3,939,645	10,419,645	-	-	-
2038-2042	7,665,000	2,721,552	10,386,552	-	-	-
2043-2047	9,360,000	990,150	10,350,150	-	-	-
Totals	\$ 33,120,000	\$ 18,975,741	\$ 52,095,741	\$ 227,783	\$ 31,910	\$ 259,693

All debt is general obligation debt of the School District, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

NOTE 9 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

Benefits Provided – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

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Group II benefits are provided based on age, years of creditable service, and benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012, the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of January 1, 2012	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

Members of both groups may qualify for vested deferred allowances, disability allowances, and death benefit allowances, subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

Contributions – The System is financed by contributions from both the employees and the School District. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. For fiscal year 2022, the School District contributed 19.48% for teachers and 13.75% for other employees. The contribution requirement for the fiscal year 2022 was \$2,073,262, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the School District reported a liability of \$14,456,750 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The School District’s proportion of the net pension liability was based on a projection of the School District’s long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2021, the School District’s proportion was 0.33%, which was an increase of 0.02% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized pension expense of \$1,414,788. At June 30, 2022, the School 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
Changes in proportion	\$ 1,482,956	\$ 129,779
Net difference between projected and actual investment earnings on pension plan investments	-	4,043,222
Changes in assumptions	1,509,926	-
Differences between expected and actual experience	404,810	151,352
Contributions subsequent to the measurement date	1,702,865	-
Total	<u>\$ 5,100,557</u>	<u>\$ 4,324,353</u>

The \$1,702,865 reported as deferred outflows of resources related to pensions results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2022	\$ (8,536)
2023	157,969
2024	81,661
2025	(1,157,755)
Thereafter	-
Totals	<u>\$ (926,661)</u>

Actuarial Assumptions – The collective total pension liability was determined by an actuarial performed as of June 30, 2020, rolled forward to June 30, 2021, using the following assumptions:

Inflation:	2.0% per year
Wage inflation:	2.75% per year (2.25% for Teachers)
Salary increases:	5.6% average, including inflation
Investment rate of return:	6.75% net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

Long-term Rates of Return – The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2021:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2021</u>
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equities	<u>30.00%</u>	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	<u>20.00%</u>	
Core US Fixed Income	25.00%	3.60%
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	<u>15.00%</u>	
Real estate	10.00%	6.60%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial

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funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 6.75% as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2021	<u>\$ 20,674,806</u>	<u>\$ 14,456,750</u>	<u>\$ 9,269,876</u>

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

10-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2019 Comprehensive Annual Financial Report, which can be found on the system’s website at www.nhrs.org.

Benefits Provided – Benefit amounts and eligibility requirements for the OPEB Plan are set by State law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age, and retirement date. Group II benefits are based on hire date, age, and creditable service. The OPEB plan is closed to new entrants.

Maximum medical subsidy rates paid during fiscal year 2021 were as follows:

For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan.

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16, or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2021, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2022, the School District contributed 1.54% for teachers and 0.31% for other employees. The contribution requirement for the fiscal year 2022 was \$235,486, which was paid in full.

NEWMARKET SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2022, the School District reported a liability of \$1,286,984 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The School District’s proportion of the net OPEB liability was based on a projection of the School District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2021, the School District’s proportion was 0.32%, which was an increase of 0.02% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized OPEB expense of \$154,439. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 618	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	-	16,077
Differences between expected and actual experience	-	268
Contributions subsequent to the measurement date	235,486	-
Total	\$ 236,104	\$ 16,345

The \$235,486 reported as deferred outflows of resources related to OPEB results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2022	\$ (3,328)
2023	(3,378)
2024	(3,786)
2025	(5,235)
Thereafter	-
Totals	\$ (15,727)

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2020, and a measurement date of June 30, 2021. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:	2.0% per year
Wage inflation:	2.75% per year (2.25% for Teachers)
Salary increases:	5.6% average, including inflation
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation
Health care trend rate:	Not applicable, given that the benefits are fixed stipends

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

Long-term Rates of Return – The long-term expected rate of return on OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

NEWMARKET SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Following is a table presenting target allocations and long-term rates of return for 2021:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2021
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	20.00%	
Core US Fixed Income	25.00%	3.60%
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	15.00%	
Real estate	10.00%	6.60%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2021, was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity of the School District's Proportionate Share of the OPEB Liability to Changes in the Discount Rate – The following table presents the School District's proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the School District's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	Current Single Rate Assumption		
	1% Decrease 5.75%	6.75%	1% Increase 7.75%
June 30, 2021	\$ 1,399,053	\$ 1,286,984	\$ 1,189,477

Sensitivity of the School District's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rate – GASB Statement No. 75 requires the sensitivity of the Net OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are a fixed stipend, there is no sensitivity to the change in the healthcare cost trend assumption.

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit OPEB Plan financial report.

10-B Retiree Health Benefit Program

Plan Description – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time. The School District OPEB plan is not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

NEWMARKET SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The total OPEB liability is based on the School District offering retirees post-employment healthcare insurance governed by RSA 100-A:50. The retirees pay 100% of the premium cost to participate and are included in the same pool as the active members. The inclusion of the retirees in the same pool effects the insurance rates of the active employees as the rates for the retirees are assumed to be higher due to the age consideration, thereby creating an implicit rate subsidy.

Funding Policy- The School District's funding policy for the implicit rate subsidy is a pay-as-you-go basis.

Benefits Provided – The School District provides postemployment healthcare benefits for certain eligible retirees. The School District provides medical benefits to its eligible retirees. The benefits are provided through the New Hampshire Inter-Local Trust.

Employees Covered by Benefit Terms – At July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>185</u>
Total participants covered by OPEB plan	<u><u>188</u></u>

Total OPEB Liability – The School District's total OPEB liability of \$1,522,196 was measured as of July 1, 2021 and was determined by an actuarial valuation as of that date. The School District contracts with an outside actuary to complete the actuarial valuation and schedule of changes in the total OPEB liability. Detailed information can be found in the separately issued report through request of the School District business office.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$1,522,196 in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.54%
Healthcare Cost Trend Rates:	
Current Year Trend	7.00%
Second Year Trend	6.50%
Decrement	decreasing
Ultimate Trend	4.24%
Year Ultimate Trend is Reached	2089
Salary Increases:	3.00%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of June 30, 2022.

Mortality rates were based on Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Teachers Employees Headcount-Weighted Mortality fully generational using Scale MP-2021.

Changes in the Total OPEB Liability

	June 30,	
	<u>2021</u>	<u>2022</u>
Total OPEB liability beginning of year	\$2,765,537	\$2,964,658
Changes for the year:		
Service cost	180,879	97,168
Interest	60,650	49,496
Assumption changes and difference between actual and expected experience	-	(1,543,793)
Benefit payments	<u>(42,408)</u>	<u>(45,333)</u>
Total OPEB liability end of year	<u><u>\$2,964,658</u></u>	<u><u>\$1,522,196</u></u>

NEWMARKET SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

Sensitivity of the School District's OPEB Liability to Changes in the Discount Rate – The July 1, 2021 actuarial valuation was prepared using a discount rate of 3.54%. If the discount rate were 1% lower than what was used, the OPEB liability would increase to \$1,620,764, or by 6.48%. If the discount rate were 1% higher than what was used, the OPEB liability would decrease to \$1,427,668, or by 6.21%.

	Discount Rate		
	1% Decrease	Baseline 3.54%	1% Increase
Total OPEB Liability	\$ 1,620,764	\$ 1,522,196	\$ 1,427,668

Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2021 actuarial valuation was prepared using a trend rate of 7.00% for fiscal year 2022. If the trend rate were 1% lower than what was used, the OPEB liability would decrease to \$1,359,222, or by 10.71%. If the trend rate were 1% higher than what was used, the OPEB liability would increase to \$1,712,460, or by 12.50%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.00%	1% Increase
Total OPEB Liability	\$ 1,359,222	\$ 1,522,196	\$ 1,712,460

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the School District recognized an OPEB benefit of \$230,391. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 414,076	\$1,018,060
Differences between expected and actual experience	-	877,676
Total	\$ 414,076	\$1,895,736

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

Fiscal Year Ending June 30,	
2023	\$ (377,055)
2024	(333,485)
2025	(291,836)
2026	(268,646)
2027	(210,638)
Thereafter	-
Totals	\$ (1,481,660)

NOTE 11 - ENCUMBRANCES

Encumbrances outstanding in the general fund at June 30, 2022, are as follows:

Current:	
Instruction:	
Regular programs	\$ 61,692
Support services:	
Student	1,917
General administration	114,368
Operation and maintenance of plant	10,425
Total support services	126,710
Total encumbrances	\$ 188,402

NEWMARKET SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

NOTE 12 – GOVERNMENTAL ACTIVITIES NET POSITION

Net position reported on the government-wide Statement of Net Position at June 30, 2022, includes the following:

	Governmental Activities
Net investment in capital assets:	
Net book value of all capital assets	\$ 42,468,275
Less:	
General obligation bond/notes payable	(33,347,783)
Unamortized bond premium	(2,624,529)
Total net investment in capital assets	6,495,963
Restricted net position:	
Food service	131,186
Capital projects	384,992
State and local grants	26,187
Total restricted net position	542,365
Unrestricted	(15,238,718)
Total net position	\$ (8,200,390)

NOTE 13 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2021, consist of the following:

	General Fund	Food Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventory	\$ -	\$ 15,291	\$ -	\$ 15,291
Restricted:				
Food service	-	115,895	-	115,895
Capital projects	-	-	384,992	384,992
State and local grants	-	-	26,187	26,187
Total restricted fund balance	-	115,895	411,179	527,074
Committed:				
Expendable trust	1,614,384	-	-	1,614,384
Voted appropriation - March 2022	50,000	-	-	50,000
Total committed fund balance	1,664,384	-	-	1,664,384
Assigned:				
Encumbrances	188,402	-	-	188,402
Student activity funds	13,005	-	125,917	138,922
Total assigned fund balance	201,407	-	125,917	327,324
Unassigned:				
Unassigned - retained (RSA 198:4-bII)	483,858	-	-	483,858
Unassigned	1,096,700	-	-	1,096,700
Total unassigned fund balance	1,580,558	-	-	1,580,558
Total governmental fund balances	\$ 3,446,349	\$ 131,186	\$ 537,096	\$ 4,114,631

NOTE 14 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2022, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability programs.

NEWMARKET SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2021, to June 30, 2022 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2021-22, the School District paid \$44,695 and \$52,620, respectively, to Primex³ for workers' compensation and property/liability. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

The School District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 15 – CONTINGENT LIABILITIES

There are various claims and suits pending against the School District which arose in the normal course of the School District's activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the School District.

The School District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the School District believes such disallowances, if any, will be immaterial.

NOTE 16 – COVID-19

As a result of the spread of the COVID-19 Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief, and Economic Security (CARES Act) in response to the economic downfall caused by the COVID-19 pandemic. This Act provided funding through the Coronavirus Relief Fund (CRF) as well as the Education Stabilization Fund (ESF). On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) was signed into law, which provided additional funding for the ESF programs.

The ESF provided funds to the School District through the Elementary and Secondary School Emergency Relief Fund (ESSER). The objective of ESSER is to provide local education agencies with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation. This funding was awarded to the School District under the ESSER I, II, and III grants, with the School District expending \$371,385 of this funding in the fiscal year 2022 and must be used for activities to prevent, prepare for, and respond to the coronavirus.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through January 9, 2023, the date the June 30, 2022, financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT E
NEWMARKET SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
School District's: Proportion of the net pension liability	0.27%	0.29%	0.28%	2.92%	2.96%	0.28%	0.28%	0.31%	0.33%
Proportionate share of the net pension liability	\$ 11,827,657	\$ 10,945,522	\$ 11,245,488	\$ 15,542,037	\$ 14,564,652	\$ 13,689,326	\$ 13,558,858	\$ 19,789,838	\$ 14,456,750
Covered payroll (as of the measurement date)	\$ 7,709,188	\$ 8,180,598	\$ 8,230,593	\$ 8,554,011	\$ 8,864,986	\$ 8,127,930	\$ 9,079,553	\$ 9,079,553	\$ 9,888,220
Proportionate share of the net pension liability as a percentage of its covered payroll	153.42%	133.80%	136.63%	181.69%	164.29%	168.42%	149.33%	217.96%	146.20%
Plan fiduciary net position as a percentag of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%

EXHIBIT F
NEWMARKET SCHOOL DISTRICT
Schedule of School District Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution	\$ 683,350	\$ 946,024	\$ 952,343	\$1,046,576	\$1,084,724	\$1,201,590	\$1,226,307	\$1,374,495	\$ 2,073,262
Contributions in relation to the contractually required contributions	(683,350)	(946,024)	(952,343)	(1,046,576)	(1,084,724)	(1,201,590)	(1,226,307)	(1,374,495)	(2,073,262)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	<u>\$7,709,188</u>	<u>\$8,180,598</u>	<u>\$8,230,593</u>	<u>\$8,554,011</u>	<u>\$8,864,986</u>	<u>\$8,127,930</u>	<u>\$9,079,553</u>	<u>\$9,888,220</u>	<u>\$10,454,234</u>
Contributions as a percentage of covered payroll	8.86%	11.56%	11.57%	12.23%	12.24%	14.78%	13.51%	13.90%	19.83%

NEWMARKET SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

***Schedule of the School District's Proportionate Share of Net Pension Liability
and Schedule of School District Contributions – Pensions***

Changes in Benefit Terms – There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits E and F represent the actuarial determined costs associated with the School District's pension plan at June 30, 2022. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

EXHIBIT G
NEWMARKET SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
School District's proportion of the net OPEB liability	0.33%	0.34%	0.26%	0.26%	0.30%	0.32%
School District's proportionate share of the net OPEB liability (asset)	\$ 1,611,701	\$ 1,547,743	\$ 1,169,576	\$ 1,122,620	\$ 1,332,830	\$ 1,286,984
School District's covered payroll (as of the measurement date)	\$ 8,554,011	\$ 8,864,986	\$ 8,127,930	\$ 9,079,553	\$ 9,079,553	\$ 9,888,220
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	18.84%	17.46%	14.39%	12.36%	14.68%	13.02%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%

The Notes to the Required Supplementary Information – Other Postemployment Benefits Liability is an integral part of this schedule.

EXHIBIT H
NEWMARKET SCHOOL DISTRICT
Schedule of School District Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution	\$ 193,448	\$ 200,630	\$ 112,994	\$ 116,858	\$ 141,341	\$ 235,486
Contributions in relation to the contractually required contribution	(193,448)	(200,630)	(112,994)	(116,858)	(141,341)	(235,486)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$ 8,554,011	\$ 8,864,986	\$ 8,127,930	\$ 9,079,553	\$ 9,888,220	\$ 10,454,234
Contributions as a percentage of covered payroll	2.26%	2.26%	1.39%	1.29%	1.43%	2.25%

The Notes to the Required Supplementary Information – Other Postemployment Benefits Liability is an integral part of this schedule.

EXHIBIT I
NEWMARKET SCHOOL DISTRICT
Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios
For the Fiscal Year Ended June 30, 2022
Unaudited

	June 30,					
	2017	2018	2019	2020	2021	2022
OPEB liability, beginning of year	\$ 3,284,734	\$ 2,444,592	\$ 2,593,425	\$ 2,726,886	\$ 2,765,537	\$ 2,964,658
Changes for the year:						
Service cost	133,487	162,167	165,409	176,968	180,879	97,168
Interest	130,605	86,468	91,795	56,419	60,650	49,496
Assumption changes	(508,268)	-	-	-	-	-
Difference between actual and expected experience	(556,737)	(41,206)	(65,133)	(153,245)	-	(1,543,793)
Benefit payments	(39,229)	(58,596)	(58,610)	(41,491)	(42,408)	(45,333)
OPEB liability, end of year	<u>\$ 2,444,592</u>	<u>\$ 2,593,425</u>	<u>\$ 2,726,886</u>	<u>\$ 2,765,537</u>	<u>\$ 2,964,658</u>	<u>\$ 1,522,196</u>
Covered payroll	<u>\$ 8,991,663</u>	<u>\$ 7,993,074</u>	<u>\$ 8,152,935</u>	<u>\$ 8,464,202</u>	<u>\$ 8,633,486</u>	<u>\$ 10,068,679</u>
Total OPEB liability as a percentage of covered payroll	27.19%	32.45%	33.45%	32.67%	34.34%	15.12%

The Notes to the Required Supplementary Information – Other Postemployment Benefits Liability is an integral part of this schedule.

NEWMARKET SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability and Schedule of School District Contributions – Other Postemployment Benefits

Changes in Benefit Terms – There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

As required by GASB Statement No. 75, Exhibits G and H represent the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2022. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Schedule of Changes in School District's Total Other Postemployment Benefits Liability and Related Ratios

Significant changes from the previous actuarial valuation include the following:

- The discount rate was increased from 2.21% to 3.54%,
- Initial trend rates were advanced, the model for trends in subsequent years is based on the Getzen Model as updated through September 2021,
- The payroll growth rate was increase from 2.00% to 3.00%,
- The election rate was changed from 100% to 50% based on expected future enrollment,
- The mortality assumption changed from SOA RP-2014 Total Dataset Mortality with Scale MP-2019 (Based Year 2006) to Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Teachers Employees Headcount-Weighted Mortality fully generational using Scale MP-2021,
- The tables used for retirement and termination assumptions were updated to reflect the most recent tables from the New Hampshire Retirement System Comprehensive Annual Financial Report dated June 30, 2019, and
- The morbidity assumptions were updated to use the Dale Yamamoto model published by the Society of Actuaries to give a better projection of anticipated costs as adjusted for age.

As required by GASB Statement No. 75, Exhibit I represents the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2022. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
NEWMARKET SCHOOL DISTRICT
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 17,410,242	\$ 17,410,242	\$ -
Other local sources:			
Tuition	5,000	27,298	22,298
Investment earnings	2,500	4,372	1,872
Miscellaneous	25,000	78,987	53,987
Total from other local sources	<u>32,500</u>	<u>110,657</u>	<u>78,157</u>
State sources:			
Adequacy aid (grant)	2,933,437	2,933,449	12
Adequacy aid (tax)	1,944,085	1,944,085	-
Catastrophic aid	162,950	252,110	89,160
Vocational aid	9,500	9,203	(297)
Other state aid	9,000	9,653	653
Total from state sources	<u>5,058,972</u>	<u>5,148,500</u>	<u>89,528</u>
Federal sources:			
Medicaid	110,000	176,980	66,980
FEMA	-	386,203	386,203
Total from federal sources	<u>110,000</u>	<u>563,183</u>	<u>453,183</u>
Other financing sources:			
Transfers in	-	27,780	27,780
Total revenues and other financing sources	22,611,714	<u>\$ 23,260,362</u>	<u>\$ 648,648</u>
Use of fund balance to reduce school district assessment	1,538,201		
Use of fund balance - appropriated	110,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 24,259,915</u>		

SCHEDULE 2
NEWMARKET SCHOOL DISTRICT
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 29,184	\$ 8,511,706	\$ 8,534,839	\$ 61,692	\$ (55,641)
Special programs	30,122	4,367,094	4,002,736	-	394,480
Vocational programs	-	196,576	179,878	-	16,698
Other programs	-	326,930	255,893	-	71,037
Total instruction	<u>59,306</u>	<u>13,402,306</u>	<u>12,973,346</u>	<u>61,692</u>	<u>426,574</u>
Support services:					
Student	-	1,585,394	1,527,640	1,917	55,837
Instructional staff	34,861	1,188,442	1,187,898	-	35,405
General administration	-	166,963	190,588	114,368	(137,993)
Executive administration	-	935,840	922,266	-	13,574
School administration	-	1,231,292	1,169,024	-	62,268
Business	-	430,010	395,622	-	34,388
Operation and maintenance of plant	314,866	1,407,163	1,959,019	10,425	(247,415)
Student transportation	-	933,004	816,575	-	116,429
Other	-	116,697	57,657	-	59,040
Total support services	<u>349,727</u>	<u>7,994,805</u>	<u>8,226,289</u>	<u>126,710</u>	<u>(8,467)</u>
Debt service:					
Principal of long-term debt	-	736,132	736,132	-	-
Interest on long-term debt	-	1,376,866	1,376,866	-	-
Total debt service	<u>-</u>	<u>2,112,998</u>	<u>2,112,998</u>	<u>-</u>	<u>-</u>
Facilities acquisition and construction	-	-	32,380	-	(32,380)
Other financing uses:					
Transfers out	-	749,806	608,255	-	141,551
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 409,033</u>	<u>\$ 24,259,915</u>	<u>\$ 23,953,268</u>	<u>\$ 188,402</u>	<u>\$ 527,278</u>

SCHEDULE 3
NEWMARKET SCHOOL DISTRICT
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

Unassigned fund balance, beginning		\$ 1,992,833
Changes:		
Unassigned fund balance used to reduce school district assessment		(1,538,201)
Unassigned fund balance appropriated for use in 2021-2022		(110,000)
2021-2022 Budget summary:		
Revenue surplus (Schedule 1)	\$ 648,648	
Unexpended balance of appropriations (Schedule 2)	<u>527,278</u>	
2021-2022 Budget surplus		1,175,926
Decrease in committed fund balance		<u>60,000</u>
Unassigned fund balance, ending		<u><u>\$ 1,580,558</u></u>

SCHEDULE 4
NEWMARKET SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>State and Local Grants</u>	<u>Student Activities</u>	<u>Capital Projects</u>	
ASSETS				
Cash and cash equivalents	<u>\$ 26,187</u>	<u>\$ 125,917</u>	<u>\$ 384,992</u>	<u>\$ 537,096</u>
FUND BALANCES				
Restricted	\$ 26,187	\$ -	\$ 384,992	\$ 411,179
Assigned	-	125,917	-	125,917
Total fund balances	<u>\$ 26,187</u>	<u>\$ 125,917</u>	<u>\$ 384,992</u>	<u>\$ 537,096</u>

SCHEDULE 5
NEWMARKET SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	Special Revenue Funds			Total
	State and Local Grants	Student Activities	Capital Projects	
REVENUES				
Other local	\$ 9,732	\$ 75,270	\$ 387	\$ 85,389
EXPENDITURES				
Current:				
Instruction	12,566	80,985	-	93,551
Support services:				
Student	17	-	-	17
Instructional staff	1,030	-	-	1,030
Executive administration	376	-	-	376
Noninstructional services	314	-	-	314
Facilities acquisition and construction	8,376	-	12,130	20,506
Total expenditures	<u>22,679</u>	<u>80,985</u>	<u>12,130</u>	<u>115,794</u>
Net change in fund balances	(12,947)	(5,715)	(11,743)	(30,405)
Fund balances, beginning	39,134	131,632	396,735	567,501
Fund balances, ending	<u>\$ 26,187</u>	<u>\$ 125,917</u>	<u>\$ 384,992</u>	<u>\$ 537,096</u>

SCHEDULE 6
NEWMARKET SCHOOL DISTRICT
Student Activity Funds
Combining Balance Sheet
June 30, 2022

	Student Activity Funds			
	JR/SR High School	Elementary School	Athletics	Total
ASSETS				
Cash and cash equivalents	\$ 100,358	\$ 16,457	\$ 9,102	\$ 125,917
FUND BALANCES				
Assigned	\$ 100,358	\$ 16,457	\$ 9,102	\$ 125,917

SCHEDULE 7
NEWMARKET SCHOOL DISTRICT
Student Activity Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	Student Activity Funds			
	JR/SR			
	High School	Elementary School	Athletics	Total
REVENUES				
Other local	\$ 50,339	\$ 8,640	\$ 16,291	\$ 75,270
EXPENDITURES				
Current:				
Instruction	52,624	12,599	15,762	80,985
Net change in fund balances	(2,285)	(3,959)	529	(5,715)
Fund balances, beginning	102,643	20,416	8,573	131,632
Fund balances, ending	<u>\$ 100,358</u>	<u>\$ 16,457</u>	<u>\$ 9,102</u>	<u>\$ 125,917</u>

***SINGLE AUDIT ACT SCHEDULES AND
INDEPENDENT AUDITOR'S REPORTS***



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX-224-1380

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the School Board
Newmarket School District
Newmarket, New Hampshire

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

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Newmarket School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Newmarket School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Newmarket School 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sheryl A. Platt, CPA

January 9, 2023
Concord, New Hampshire

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Professional Association



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the School Board
Newmarket School District
Newmarket, New Hampshire

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the Newmarket School 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, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Newmarket School District and to meet 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 Newmarket School District's compliance with the compliance requirements referred to above.

Responsibilities for 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 Newmarket School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Newmarket School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting

***Newmarket School District
Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control
Over Compliance Required by the Uniform Guidance***

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 Newmarket School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Newmarket School 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 Newmarket School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Newmarket School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Sheryl A. Piatt, CPA

January 9, 2023
Concord, New Hampshire

PLODZIK & SANDERSON
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SCHEDULE I
NEWMARKET SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553 and 10.555	Child Nutrition Cluster
84.027 and 84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SCHEDULE II
NEWMARKET SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through the State of New Hampshire Department of Education				
CHILD NUTRITION CLUSTER				
School Breakfast Program	10.553	N/A	\$ -	\$ 137,832
National School Lunch Program:				
Meal reimbursements	10.555	N/A	-	448,330
Supply chain assistance	10.555	N/A	-	8,172
School meals emergency operating costs reimbursement program	10.555	N/A	-	9,179
<i>CLUSTER TOTAL</i>			<u>-</u>	<u>603,513</u>
U.S. DEPARTMENT OF EDUCATION				
Passed Through the State of New Hampshire Department of Education				
Title I Grants to Local Educational Agencies:				
FY 2021 Title I	84.010	20211095	-	33,852
FY 2022 Title I	84.010	20220373	-	188,535
<i>PROGRAM TOTAL</i>			<u>-</u>	<u>222,387</u>
SPECIAL EDUCATION CLUSTER				
Special Education - Grants to States:				
IDEA	84.027	202525	-	19,123
IDEA - Comp Ed	84.027	20205115	-	9,845
IDEA	84.027	20210970	-	204,375
IDEA	84.027	20220233	-	71,775
Special Education - Preschool Grants:				
Preschool	84.173	92533	-	2,834
COVID-19 Preschool ARP	84.173X	20220496	-	334
<i>CLUSTER TOTAL</i>			<u>-</u>	<u>308,286</u>
English Language State Acquisition Grants:				
Title IV	84.424	20200470	-	20,105
Title IV	84.424	20211810	-	20,252
<i>PROGRAM TOTAL</i>			<u>-</u>	<u>40,357</u>
Supporting Effective Instruction State Grants:				
Title II Part A	84.367	20190168	-	940
Title II Part A	84.367	20200168	-	22,296
Title II Part A	84.367	20211777	-	21,949
Title II Part A	84.367	20221009	-	4,875
<i>PROGRAM TOTAL</i>			<u>-</u>	<u>50,060</u>
COVID-19 - Education Stabilization Fund:				
ESSER II	84.425D	20211767	-	93,854
ESSER III	84.425U	20220801	-	277,531
<i>PROGRAM TOTAL</i>			<u>-</u>	<u>371,385</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through the State of New Hampshire Department of Safety				
COVID - 19 Disaster Grants- Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4516-DR-NH	-	386,203
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,982,191</u>

The accompanying notes are an integral part of this schedule.

NEWMARKET SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Newmarket School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Food Donation

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities on the date received. For the fiscal year ended June 30, 2022 the value of food donations received was \$28,364.