

NEWMARKET SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

NEWMARKET SCHOOL DISTRICT
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PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

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, 2021, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021, the respective changes in financial position, and the respective budgetary comparison for the general fund, food service fund, and federal project fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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,

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

- 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.

Other 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021 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

December 20, 2021

PLODZIK & SANDERSON
Professional Association



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Susan K. Givens, Ed. D.
Superintendent of Schools

Janna Mellon
Business Administrator

Debra Black
Assistant Superintendent

Erica MacNeil
Student Services

December 20, 2021

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

This report was prepared by the School District Business Office for the fiscal year ended June 30, 2021. The responsibility for the completeness and fairness of the data presented and all accompanying disclosures rests with the School District. To provide a reasonable basis for making these representations, the District's management has established an internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with Generally Accepted Accounting Principles in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects, includes all funds, and financial transactions, and is presented fairly to disclose the financial position, and results of operations of the District at June 30, 2021, and for the year then ended. Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following this letter.

THE DISTRICT

The Newmarket School District (SAU 31) is a single-town school district with historical roots that date back to 1703, when Newmarket was still part of Exeter, NH¹. The first documented school building in Newmarket dates back to 1817; records show a small building listed as a school at the location of South Main Street and South Street². Newmarket is located in Rockingham County, approximately 14 miles east of Portsmouth, NH. Based on recent information from New Hampshire Employment Security, Newmarket has an estimated 9,156 resident population³. The 2019 median household income in Newmarket was \$100,133⁴.

¹ <https://www.newmarket.k12.nh.us/about/history>

² <https://www.newmarket.k12.nh.us/about/history>

³ <https://www.nhes.nh.gov/elmi/products/cp/profiles-htm/newmarket.htm>

⁴ <https://www.nhes.nh.gov/elmi/products/cp/profiles-htm/newmarket.htm>

The Newmarket School District, a fiscally independent entity, is organized with a five-member elected School Board. In 2020-2021, management staff consisted of 1 superintendent, a Business Administrator, four (4) Directors, Principals, and Assistant principals. In 2020-2021, the District also employed 112 teachers and 78 support staff, including instructional assistants, secretaries, clerks, cooks, food service technicians, custodians, and various other professional and technical staff.

The District has experienced stable student enrollment over the past seven years. The table below shows that the number of students in the District has grown by 20, or an average growth of approximately 0.3% percent during the last seven years.

Student Enrollment by Grade-Newmarket								
School Year	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	Total Change in Enrollment 2014-2021
Pre-Kindergarten	37	35	33	35	34	38	32	-5
Kindergarten	75	80	79	83	85	86	63	-12
Grade 1	100	78	76	79	83	88	78	-22
Grade 2	93	97	76	79	80	87	86	-7
Grade 3	95	82	99	79	82	71	86	-9
Grade 4	74	94	85	94	83	82	73	-1
Grade 5	100	67	98	81	86	84	78	-22
Grade 6	90	95	67	90	79	87	84	-6
Grade 7	59	85	94	64	90	77	86	27
Grade 8	68	65	85	93	64	91	75	7
Grade 9	69	65	61	79	88	62	85	16
Grade 10	55	71	64	57	79	84	61	6
Grade 11	69	59	67	61	60	80	81	12
Grade 12	48	63	53	67	59	63	80	32
SP-Beyond 12	0	0	0	0	0	1	4	4
Total Enrollment	1032	1036	1037	1041	1052	1081	1052	
Overall Growth		4	1	4	11	29	-29	20
Overall Growth %		0.4%	0.1%	0.4%	1.1%	2.8%	-2.7%	0.3%

Beginning in 2017, the District underwent two major projects to upgrade its facilities. General obligation bonds issued in 2017 financed the renovation and expansion of the Newmarket Elementary School as well as a renovation and expansion of the Newmarket Junior Senior High School. At the Elementary School, 23,000 square feet were added, and 18,000 square feet of existing space were renovated, resulting in a new facility total of 85,007 square feet. These renovations included the addition of a gym and classroom spaces, an expanded kitchen and cafeteria, infrastructure updates throughout the building and the renovation of many classrooms. At the Junior Senior High School, 54,000 Square Feet were added to the existing building, and 60,000 square feet of existing spaces were renovated, resulting in a new building space totaling 129,529 square feet. At the Junior Senior High, these renovations included the addition of a new media center, a full renovation of the kitchen, the addition of a new science/tech ed wing, and many existing areas of the building benefitted from renovations as well. Both building projects were completed in 2021 and these renovations were recategorized in our 2021 financial statements from *Construction in Progress to Buildings*.

CORONAVIRUS DISEASE (COVID-19) AND ECONOMIC CONDITIONS

Like most organizations, the Newmarket School District was heavily impacted by COVID-19 in 2021. The global pandemic environment resulted in the implementation of a hybrid instructional model for students and staff. In 2021, we offered families two instructional models: in-person instruction four days per week or a remote instruction model where students participated in learning from their homes four days per week. The fifth day of the week was conducted as an independent instructional day for students in both models.

Naturally, this new hybrid model resulted in operational and instructional changes from the educational model originally budgeted and certain expenditures were either reduced or eliminated in FY 2021. Other operational changes related to COVID-19 included: daily sanitation of all surfaces used by students and staff, reconfiguration of HVAC system operating protocols to increase air circulation in our buildings, the creation of two “negative pressure” building spaces to better allow for quarantining students when ill, changing the delivery mode for student meals that could not be served in our cafeterias, limitations on after school activities and athletics, changes to classroom layouts to allow for social distancing, purchases of new technology and software to better align with our hybrid instructional model, etc. In some operational areas, the District incurred costs that exceeded budgeted expenditures, but in other areas, programming was interrupted and therefore the District was unable to expend budgeted funds as planned. COVID-19 also resulted in wide-spread labor shortages nationwide, significantly impacting Newmarket School District in the areas of food service and custodial services and resulting in the need to outsource labor in these areas to ensure continuing operations.

In addition to expenditures, revenues were also impacted in 2021. Our Food Service program operated under a USDA waiver that permitted free meals to all students, regardless of family income. As a result of this waiver, the District received higher than anticipated Federal Child Nutrition revenues. However, this increase in Federal revenues was more than offset by a decline in local Food Service revenues as many students engaged in remote learning and therefore did not access our cafeterias. Students on campus were served meals in classrooms, virtually eliminating a la carte food purchases and further reducing food service revenues.

The Newmarket School District benefitted from several Federal and State revenues that partially offset unanticipated COVID-related expenditures. Reimbursements were received from several sources during 2021 and these funds helped to mitigate the financial impacts of COVID-19. By partnering with the Town of Newmarket, the Newmarket School District was able to recoup \$65K from the Governor’s Office for Emergency Relief and Recovery (GOFERR) funds for sanitation supplies and equipment. In addition, the District benefitted from \$414K in Supplemental Public School Response Funds (SPSRF) and \$108K in ESSER I.

In summary, COVID-19 related impacts on both expenditures and revenues ultimately resulted in a larger than expected unrestricted fund balance at the close of the 2021 fiscal year. It is anticipated that continuing impacts from COVID-19 specifically supply chain challenges, a tightened labor market and resulting inflation may continue into subsequent fiscal cycles as well.

FINANCIAL INFORMATION

Accounting Policies:

Governmental funds are used to account for the District’s general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they are “measurable” and “available.” “Measurable” means the amount of the transaction can be determined; “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due. Interfund transactions and certain compensated absences, claims, and judgments, are recognized as expenditures because they will be liquidated with expendable financial resources. The accrual and modified accrual basis of accounting, as utilized by Newmarket School District, are in accordance with Generally Accepted Accounting Principles.

Internal Accounting Controls: The accounting system incorporates reasonable safeguards for the assets of the District and the reliability of the financial records. Internal controls are designed to provide an adequate safeguard of District assets and provide reasonable assurance of proper recording of financial assets.

Budgetary Control:

In accordance with NH RSA 32:5, the District annually prepares a budget to control the fiscal operations for one year. In Newmarket, the School Board reviews and recommends the annual School District Budget created by District Administration; the Budget Committee certifies the budget that is placed on the Warrant and filed with the Department of Revenue. The budget committee consists of 12 members, including one School Board Representative and one Town Council Representative.

Acknowledgments: We wish to express our appreciation to the entire Business Office staff for their efforts and contributions to the Basic Financial Statements. We would also like to thank the members of the School Board for their continued support and dedication to the financial operations of the District.

Respectfully submitted,

Janna Mellon, Business Administrator

Newmarket Elementary School



Newmarket Junior Senior High



NEWMARKET SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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, 2021. 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 21. As a result of necessary changes to operations and a shift to a hybrid model of learning in 2021, many budgeted expenditures were postponed. 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 run certain programs or planned educational initiatives. For the second year in a row, these factors resulted in a larger than expected unassigned fund balance at the close of FY 21 of \$1,992,833⁵ which was due in part to both unexpended balance of general fund appropriations in the amount of \$1,322,702⁶ and a revenue surplus of \$916,258⁷.
- The District's total net position for the year ending June 30, 2021, was (\$8,385,500)⁸. The total net position consisted of \$6,897,622 in the net investment in capital assets, a restricted net position of \$435,869 and an unrestricted net position balance of (\$15,718,991)⁹. The District's net position at July 1, 2020 was restated due to the recording of capital assets, previously unrecorded, and their related accumulated depreciation, resulting in a July 1, 2020 net position restatement in the amount of \$250,234¹⁰ as well as the recording of a previously unreported capital lease totaling (\$43,750)¹¹. See the **Capital Assets and Debt Administration** section of this analysis for more information on this restatement.
- The District's total liabilities of \$61,908,282¹² consisted primarily of long-term liabilities including bonds \$33,845,000¹³, net pension liability \$19,789,838¹⁴ and estimated other postemployment benefits of \$4,297,488¹⁵. 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 \$24,631,263¹⁶ with \$14,524,888 (58.97%) expended for instruction and an additional \$1,454,522¹⁷ (5.91%) expended for additional student support services.

⁵ Schedule 3

⁶ Schedule 2

⁷ Schedule 1

⁸ Exhibit A

⁹ Exhibit A

¹⁰ Note 15

¹¹ Note 15

¹² Exhibit A

¹³ Exhibit C-2

¹⁴ Exhibit C-2

¹⁵ Exhibit C-2

¹⁶ Exhibit B

¹⁷ Exhibit B

*NEWMARKET SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
AS OF AND FOR THE FISCAL YEAR ENDED
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- Total revenues were \$23,120,684¹⁸ 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 70.05% of the District's revenue.

- The fiscal year end balances for the governmental funds as of June 30, 2021 were categorized as follows:
 - **Non-Spendable**= \$8,458 (inventory)¹⁹
 - **Restricted**= \$435,869 (capital projects, State and local grants)²⁰
 - **Committed** = \$1,142,468²¹
 - Expendable Trusts/Capital Reserve funds: \$1,032,468
 - Voted Appropriations: \$110,000
 - **Assigned** = \$552,121 (Encumbrance for amounts owed, student activity funds)²²
 - **Unassigned** = \$1,984,375²³
 - 2.5% Retained Balance (per RSA 198:4-bII): \$454,632
 - Unassigned, unrestricted: \$1,538,201
 - Deficit: (\$8,458)

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.

¹⁸ Exhibit C-3

¹⁹ Note 14

²⁰ Note 14

²¹ Note 14

²² Note 14

²³ Exhibit C-1 and Note 14

NEWMARKET SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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

Statement of Net Position

The District's current year net position is lower than the prior year net position. Net position at June 30, 2021 was (\$8,385,500) compared to (\$6,874,921) at June 30, 2020, a change in net position of (\$1,510,579). Net position at July 1, 2020 has been restated to record previously unrecorded capital assets and related accumulated depreciation of \$250,234²⁴ as well as a previously unrecorded capital lease (\$43,750)²⁵. Below is a comparison of net position for fiscal year 2021²⁶ and fiscal year 2020²⁷.

Governmental Activities
Two-Year Comparison
Statement of Net Position

	2021	2020	Change	% Change
Assets				
Current assets	\$ 4,230,616	\$ 4,190,007	\$ 40,609	0.97%
Capital assets, net of accumulated depreciation	43,595,309	43,937,307	(341,998)	-0.78%
<i>Total assets</i>	<u>47,825,925</u>	<u>48,127,314</u>	<u>(301,389)</u>	<u>-0.63%</u>
Deferred outflows of resources	<u>7,054,890</u>	<u>2,925,550</u>	<u>4,129,340</u>	<u>141.15%</u>
Liabilities				
Current liabilities	629,127	680,824	(51,697)	-7.59%
Long-term liabilities	61,279,155	55,488,980	5,790,175	10.43%
<i>Total liabilities</i>	<u>61,908,282</u>	<u>56,169,804</u>	<u>5,738,478</u>	<u>10.22%</u>
Deferred inflows of resources	<u>1,358,033</u>	<u>1,964,465</u>	<u>(606,432)</u>	<u>-30.87%</u>
Net Position, Unadjusted	<u>(8,385,500)</u>	<u>(7,081,405)</u>	<u>(1,304,095)</u>	<u>-18.42%</u>
Restatement (Note 15)		206,484		
Net Position, as restated	<u>(8,385,500)</u>	<u>(6,874,921)</u>	<u>(1,510,579)</u>	<u>-21.97%</u>

²⁴ Note 15

²⁵ Note 15

²⁶ Exhibit A, FY 2021

²⁷ Exhibit A, FY 2020

NEWMARKET SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
AS OF AND FOR THE FISCAL YEAR ENDED
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Statement of Activities

The District had total expenditures of \$24.6 million with revenues of \$23.1 million. The District's expenses cover a range of services, the largest of which are school instruction (58.97% of total expenses) and support services (34.24% of total expenses). Below is a comparison of expenditures and revenues for FY 2021²⁸ and FY 2020²⁹.

Governmental Activities
Two-Year Comparison
Statement of Activities

	6/30/2021	6/30/2020	Change	% Change
Revenues				
Program Revenues				
Charges for Services	\$ 26,236	\$ 168,774	\$ (142,538)	-84.45%
Operating Grants & Contributions	1,594,804	1,198,806	395,998	33.03%
Capital Grants and Contributions	256,730	815,642	(558,912)	-68.52%
General Revenues				
School District Assessment	16,196,879	15,271,018	925,861	6.06%
Grants and contributions not restricted to specific programs	4,752,046	4,578,898	173,148	3.78%
Interest	10,128	20,611	(10,483)	-50.86%
Miscellaneous	283,861	9,254	274,607	2967.44%
Total Revenues	<u>23,120,684</u>	<u>22,063,003</u>	<u>1,057,681</u>	<u>4.79%</u>
Expenses				
Instruction	\$ 14,524,888	\$ 12,123,023	\$ 2,401,865	19.81%
Support Services:				
Student	1,454,522	1,195,774	258,748	21.64%
Instructional Staff	1,196,639	1,187,312	9,327	0.79%
General Administration	2,849,677	2,261,919	587,758	25.98%
Operation and Maintenance of Plant	2,149,920	1,336,970	812,950	60.81%
Student Transportaion	678,719	621,428	57,291	9.22%
Other	103,133	16,474	86,659	526.03%
Noninstructional Services	378,395	321,995	56,400	17.52%
Interest on Long-Term Debt	1,295,370	1,332,579	(37,209)	-2.79%
Total Expenses	<u>24,631,263</u>	<u>20,397,474</u>	<u>4,233,789</u>	<u>20.76%</u>
Change in Net Position	(1,510,579)	1,665,529	(3,176,108)	-190.70%
Net Position beginning, as restated (see Note 15)	(6,874,921)	(8,540,450)	1,665,529	19.50%
Net Position ending, as restated (see Note 15)	<u>\$ (8,385,500)</u>	<u>\$ (6,874,921)</u>	<u>\$ (1,510,579)</u>	<u>-21.97%</u>

²⁸ Exhibit B FY 2021

²⁹ Exhibit B FY 2020

*NEWMARKET SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021*

Comments on General Fund Budget Comparisons³⁰

- General fund actual revenues totaling \$21,622,863 exceeded budgeted revenues by \$252,527 (1%).
 - **Local sources** totaling \$318,059 were above budget by \$161,059 primarily due to a health insurance premium holiday issued to the district.
 - **State sources** totaling \$5,001,380 were above budget by \$94,923 primarily due to higher than anticipated Special Education Aid.
 - **Federal sources** totaling \$106,545 were below budgeted revenues by (\$3,455) due to a decrease in Medicaid funding.

- General fund expenditures (including encumbrances to the subsequent year) totaling \$21,508,909 were less than appropriations (including encumbrances from the prior year) totaling \$22,740,287 by \$1,231,378 (5.4%). Significant general fund budget variances occurred in these functions:
 - **Instruction** totaling \$12,207,281 is the largest expense of the District and was below budget by \$758,377 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 \$1,297,277 was below budget by \$131,839 primarily due to changes in personnel and benefits, and savings in contracted professional services.
 - **Instructional staff support services** totaling \$1,008,689 was above budget by \$43,897 primarily due to new professional development initiatives targeting curriculum development and COVID-related technology expenditures.
 - **General administration** totaling \$214,220 was above budget by \$50,673 primarily due to higher than anticipated legal expenditures and higher than expected severance payments to retirees.
 - **Executive administration** totaling \$945,447 was above budget by \$86,004 primarily due to changes in personnel, benefits and contracted services.
 - **School administration** totaling \$1,079,711 was below budget by \$85,308 primarily due to changes in personnel and benefits.
 - **Operation and maintenance of plant** totaling \$1,525,430 was below budget by \$251,962 primarily due to our inability to fully expend funds added to our budget with Warrant Article #5, March 2020. COVID-19 impacts delayed several planned facilities-related projects and purchases. Unexpended funds from this Warrant Article were unable to be expended after June 30, 2021 and were included in our unrestricted fund balance.
 - **Student transportation** totaling \$670,858 was below budget by \$102,386 primarily due to a decrease in student transportation needs as a result of COVID-19.
 - **Other** totaling \$90,939 was below budget by \$29,091 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.

³⁰ Exhibit D-1

NEWMARKET SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2021, the District reported capital assets of \$43,595,309³¹, which consist of a broad range of capital assets, including land & land improvements, buildings & improvements, equipment and vehicles. Significant adjustments in **Construction in Progress** and **Buildings and Improvements** were the result of the completion of our building projects at the Newmarket Elementary School and the Newmarket Junior Senior High School. A restatement of the July 1, 2020 beginning balance was due to the recording of previously unrecorded capital assets and related accumulated depreciation. This restatement of \$250,234³² consisted of an increase to Land in the amount of \$112,400, an increase to Buildings and Improvements in the amount of \$167,600, and an increase in accumulated depreciation of (\$29,766). More detailed information about the District's capital assets is presented in the notes to the financial statements, see Notes 5 and 15.

Governmental Activities
Capital Assets

	Beginning Balance 7/1/2020 (as restated)	Changes	Ending Balance 6/30/2021
Non-Depreciable Assets:			
Land (Restated-Note 15)	\$ 1,658,841	\$ -	\$ 1,658,841
Construction in Progress	39,368,659	(39,368,659)	-
Depreciable Assets:			
Land improvements	5,100	-	5,100
Buildings and Improvements (Restated-Note 15)	10,598,306	38,998,980	49,597,286
Equipment and Vehicles	550,877	441,728	992,605
Total All Capital Assets	52,181,783	72,049	52,253,832
Less Accumulated Depreciation (Restated-Note 15)	(7,994,242)	(664,281)	(8,658,523)
Net Book Value, Capital Assets Being Depreciated	3,160,041	38,776,427	41,936,468
Net Value, All Capital Assets	\$ 44,187,541	\$ (592,232)	\$ 43,595,309

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.

³¹ Note 5

³² Note 15

NEWMARKET SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

Governmental Activities
Long-Term Liabilities

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
Bond Payable:			
General Obligation bond	\$33,845,000	\$34,535,000	\$ (690,000)
Premium	<u>2,729,511</u>	<u>2,834,493</u>	<u>(104,982)</u>
Total Bond Payable	<u>36,574,511</u>	<u>37,369,493</u>	<u>(794,982)</u>
Capital Leases	123,176	184,995	(61,819)
Compenstated Absences	494,142	531,227	(37,085)
Pension Related Liability	19,789,838	13,558,858	6,230,980
Net Other Postemployment Benefits	<u>4,297,488</u>	<u>3,888,157</u>	<u>409,331</u>
Total Long-Term Liabilities	<u>\$61,279,155</u>	<u>\$55,532,730</u>	<u>\$ 5,746,425</u>

Note: Capital Lease June 30,2020 balance has been restated to include unrecorded cap lease (\$43,750). See Note 15.

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 22 requiring modifications to staffing, operations and facilities to address COVID-19.
- Changes in the State education funding model which may have an impact on taxation calculations.

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, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,871,436
Other receivables	16,473
Intergovernmental receivable	1,334,249
Inventory	8,458
Capital assets, not being depreciated	1,658,841
Capital assets, net of accumulated depreciation	41,936,468
Total assets	47,825,925
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	6,300,273
Amounts related to other postemployment benefits	754,617
Total deferred outflows of resources	7,054,890
LIABILITIES	
Accounts payable	50,311
Accrued salaries and benefits	54,866
Intergovernmental payable	2,148
Accrued interest payable	521,802
Noncurrent obligations:	
Due within one year	872,199
Due in more than one year	60,406,956
Total liabilities	61,908,282
DEFERRED INFLOWS OF RESOURCES	
Amounts related to pensions	479,057
Amounts related to other postemployment benefits	878,976
Total deferred inflows of resources	1,358,033
NET POSITION	
Net investment in capital assets	6,897,622
Restricted	435,869
Unrestricted	(15,718,991)
Total net position	\$ (8,385,500)

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, 2021

	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	\$ 14,524,888	\$ 25,549	\$ 1,071,441	\$ -	\$ (13,427,898)
Support services:					
Student	1,454,522	-	9,178	-	(1,445,344)
Instructional staff	1,196,639	-	96,944	-	(1,099,695)
General administration	259,852	-	-	-	(259,852)
Executive administration	985,447	-	-	-	(985,447)
School administration	1,204,862	-	-	-	(1,204,862)
Business	399,516	-	-	-	(399,516)
Operation and maintenance of plant	2,149,920	-	62,040	239,513	(1,848,367)
Student transportation	678,719	-	17,682	-	(661,037)
Other	103,133	-	12,194	-	(90,939)
Noninstructional services	378,395	687	325,325	-	(52,383)
Interest on long-term debt	1,295,370	-	-	-	(1,295,370)
Facilities acquisition and construction	-	-	-	17,217	17,217
Total governmental activities	<u>\$ 24,631,263</u>	<u>\$ 26,236</u>	<u>\$ 1,594,804</u>	<u>\$ 256,730</u>	<u>(22,753,493)</u>
General revenues:					
School district assessment					16,196,879
Grants and contributions not restricted to specific programs					4,752,046
Interest					10,128
Miscellaneous					283,861
Total general revenues					21,242,914
Change in net position					(1,510,579)
Net position, beginning, as restated (see Note 15)					(6,874,921)
Net position, ending					<u>\$ (8,385,500)</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, 2021

	General	Food Service	Federal Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,303,935	\$ -	\$ -	\$ 567,501	\$ 2,871,436
Receivables:					
Accounts	3,841	12,632	-	-	16,473
Intergovernmental	1,069,939	46,484	217,826	-	1,334,249
Interfund receivables	268,840	-	-	-	268,840
Inventory	-	8,458	-	-	8,458
Total assets	<u>\$ 3,646,555</u>	<u>\$ 67,574</u>	<u>\$ 217,826</u>	<u>\$ 567,501</u>	<u>\$ 4,499,456</u>
LIABILITIES					
Accounts payable	\$ 33,751	\$ 16,560	\$ -	\$ -	\$ 50,311
Accrued salaries and benefits	54,866	-	-	-	54,866
Intergovernmental payable	2,148	-	-	-	2,148
Interfund payable	-	51,014	217,826	-	268,840
Total liabilities	<u>90,765</u>	<u>67,574</u>	<u>217,826</u>	<u>-</u>	<u>376,165</u>
FUND BALANCES (DEFICIT)					
Nonspendable	-	8,458	-	-	8,458
Restricted	-	-	-	435,869	435,869
Committed	1,142,468	-	-	-	1,142,468
Assigned	420,489	-	-	131,632	552,121
Unassigned (deficit)	1,992,833	(8,458)	-	-	1,984,375
Total fund balances	<u>3,555,790</u>	<u>-</u>	<u>-</u>	<u>567,501</u>	<u>4,123,291</u>
Total liabilities and fund balances	<u>\$ 3,646,555</u>	<u>\$ 67,574</u>	<u>\$ 217,826</u>	<u>\$ 567,501</u>	<u>\$ 4,499,456</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, 2021

Total fund balances of governmental funds (Exhibit C-1)		\$ 4,123,291
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	\$ 52,253,832	
Less accumulated depreciation	<u>(8,658,523)</u>	43,595,309
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	\$ 6,300,273	
Deferred inflows of resources related to pensions	(479,057)	
Deferred outflows of resources related to OPEB	754,617	
Deferred inflows of resources related to OPEB	<u>(878,976)</u>	5,696,857
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (268,840)	
Payables	<u>268,840</u>	
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(521,802)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bond	\$ 33,845,000	
Unamortized bond premium	2,729,511	
Capital leases	123,176	
Compensated absences	494,142	
Net pension liability	19,789,838	
Other postemployment benefits	<u>4,297,488</u>	(61,279,155)
Net position of governmental activities (Exhibit A)		<u>\$ (8,385,500)</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, 2021

	General	Food Service	Federal Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
School district assessment	\$ 16,196,879	\$ -	\$ -	\$ -	\$ 16,196,879
Other local	320,973	942	-	82,390	404,305
State	5,001,380	5,482	-	-	5,006,862
Federal	106,545	282,151	1,123,942	-	1,512,638
Total revenues	<u>21,625,777</u>	<u>288,575</u>	<u>1,123,942</u>	<u>82,390</u>	<u>23,120,684</u>
EXPENDITURES					
Current:					
Instruction	12,160,719	-	898,288	86,154	13,145,161
Support services:					
Student	1,297,277	-	9,178	-	1,306,455
Instructional staff	1,047,087	-	96,944	-	1,144,031
General administration	216,720	-	-	-	216,720
Executive administration	985,447	-	-	-	985,447
School administration	1,079,711	-	-	-	1,079,711
Business	357,900	-	-	-	357,900
Operation and maintenance of plant	1,317,596	-	62,040	-	1,379,636
Student transportation	670,858	-	7,861	-	678,719
Other	90,939	-	12,194	-	103,133
Noninstructional services	-	327,251	37,437	-	364,688
Debt service:					
Principal	700,694	-	-	-	700,694
Interest	1,413,386	-	-	-	1,413,386
Facilities acquisition and construction	5,015	-	-	160,716	165,731
Total expenditures	<u>21,343,349</u>	<u>327,251</u>	<u>1,123,942</u>	<u>246,870</u>	<u>23,041,412</u>
Excess (deficiency) of revenues over (under) expenditures	<u>282,428</u>	<u>(38,676)</u>	<u>-</u>	<u>(164,480)</u>	<u>79,272</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	665,531	38,676	-	-	704,207
Transfers out	<u>(38,676)</u>	<u>-</u>	<u>-</u>	<u>(665,531)</u>	<u>(704,207)</u>
Total other financing sources (uses)	<u>626,855</u>	<u>38,676</u>	<u>-</u>	<u>(665,531)</u>	<u>-</u>
Net change in fund balances	909,283	-	-	(830,011)	79,272
Fund balances, beginning	<u>2,646,507</u>	<u>-</u>	<u>-</u>	<u>1,397,512</u>	<u>4,044,019</u>
Fund balances, ending	<u>\$ 3,555,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 567,501</u>	<u>\$ 4,123,291</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, 2021

Net change in fund balances of total governmental funds (Exhibit C-3)	\$	79,272
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	\$	148,078
Depreciation expense		<u>(732,685)</u>
		(584,607)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$	(704,207)
Transfers out		<u>704,207</u>
		-
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.		
Principal repayment of bond	\$	690,000
Amortization of bond premium		104,982
Principal repayment of capital leases		<u>61,819</u>
		856,801
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	\$	13,034
Decrease in compensated absences payable		37,085
Net change in net pension liability and deferred outflows and inflows of resources related to pensions		(1,657,770)
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits		<u>(246,769)</u>
		(1,854,420)
Change in net position of governmental activities (Exhibit B)	\$	<u><u>(1,510,579)</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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
School district assessment	\$ 16,196,879	\$ 16,196,879	\$ 16,196,879	\$ -
Other local	157,000	157,000	318,059	161,059
State	4,906,457	4,906,457	5,001,380	94,923
Federal	110,000	110,000	106,545	(3,455)
Total revenues	<u>21,370,336</u>	<u>21,370,336</u>	<u>21,622,863</u>	<u>252,527</u>
EXPENDITURES				
Current:				
Instruction	12,961,159	12,965,658	12,207,281	758,377
Support services:				
Student	1,429,116	1,429,116	1,297,277	131,839
Instructional staff	952,655	964,792	1,008,689	(43,897)
General administration	163,547	163,547	214,220	(50,673)
Executive administration	933,145	859,443	945,447	(86,004)
School administration	1,130,446	1,165,019	1,079,711	85,308
Business	401,047	413,555	357,900	55,655
Operation and maintenance of plant	1,760,407	1,777,392	1,525,430	251,962
Student transportation	780,245	773,244	670,858	102,386
Other	120,029	120,030	90,939	29,091
Debt service:				
Principal	697,170	697,170	700,694	(3,524)
Interest	1,411,321	1,411,321	1,413,386	(2,065)
Facilities acquisition and construction	-	-	(2,923)	2,923
Total expenditures	<u>22,740,287</u>	<u>22,740,287</u>	<u>21,508,909</u>	<u>1,231,378</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,369,951)</u>	<u>(1,369,951)</u>	<u>113,954</u>	<u>1,483,905</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,800	1,800	665,531	663,731
Transfers out	(430,000)	(430,000)	(338,676)	91,324
Total other financing sources (uses)	<u>(428,200)</u>	<u>(428,200)</u>	<u>326,855</u>	<u>755,055</u>
Net change in fund balance	<u>\$ (1,798,151)</u>	<u>\$ (1,798,151)</u>	440,809	<u>\$ 2,238,960</u>
Increase in committed fund balance			(60,000)	
Decrease in assigned fund balance (non-encumbrance)			100,000	
Unassigned fund balance, beginning			<u>1,512,024</u>	
Unassigned fund balance, ending			<u>\$ 1,992,833</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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Local:				
Sales	\$ 100,000	\$ 100,000	\$ 687	\$ (99,313)
Miscellaneous	-	-	255	255
State:				
Lunch reimbursement	5,000	5,000	5,482	482
Federal:				
Lunch reimbursement	175,000	175,000	183,973	8,973
Breakfast reimbursement	-	-	76,239	76,239
USDA commodities	-	21,939	21,939	-
Total revenues	<u>280,000</u>	<u>301,939</u>	<u>288,575</u>	<u>(13,364)</u>
EXPENDITURES				
Current:				
Noninstructional services	<u>410,000</u>	<u>431,939</u>	<u>327,251</u>	<u>104,688</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(130,000)</u>	<u>(130,000)</u>	<u>(38,676)</u>	<u>91,324</u>
OTHER FINANCING SOURCES				
Transfers in	<u>130,000</u>	<u>130,000</u>	<u>38,676</u>	<u>(91,324)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ -</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, 2021

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Federal	\$ 500,000	\$ 1,123,942	\$ 1,123,942	\$ -
EXPENDITURES				
Current:				
Instruction	500,000	898,288	898,288	-
Support services:				
Student	-	9,178	9,178	-
Instructional staff	-	96,944	96,944	-
Operation and maintenance of plant	-	62,040	62,040	-
Student transportation	-	7,861	7,861	-
Other	-	12,194	12,194	-
Noninstructional services	-	37,437	37,437	-
Total expenditures	500,000	1,123,942	1,123,942	-
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, 2021

	<u>NOTE</u>
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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. 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,

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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, and debt service. 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.

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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 Activities

Interfund activities are reported as follows:

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

Interfund Transfers – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

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, 2021.

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 then.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position that applies to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time.

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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 transaction:

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.

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.

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 or other debt attributable to the acquisition, construction, or improvement of those assets.

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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 \$454,632, 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.

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.

1-Q Material Change in Classification

The accompanying financial statements reflect a change in classification from the prior year. Specifically, the capital projects fund, which accounts for activity pertaining to the construction/renovation of the elementary and junior/senior high schools, did not qualify as a major fund for the current fiscal year. As such it was reclassified to the nonmajor governmental funds.

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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 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, \$1,082,620 of the beginning general fund unassigned fund balance was applied for this purpose. Additionally, \$715,531 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)	\$ 22,288,394
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Interest earnings of the blended expendable trust funds	1,479
Revenue of the blended district-supported student activity funds	1,435
Per Exhibit C-3 (GAAP Basis)	<u>\$ 22,291,308</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 21,847,585
Adjustments:	
Basis difference:	
Encumbrances, beginning	241,697
Encumbrances, ending	(409,033)
GASB Statement No. 54:	
To remove transfer between the general fund to the blended expendable trust fund	(300,000)
Expenditures of the blended district-supported student activity funds	1,776
Per Exhibit C-3 (GAAP basis)	<u>\$ 21,382,025</u>

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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 \$2,871,436 and the bank balances totaled \$3,919,049.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2021, consisted of accounts and intergovernmental amounts arising from Medicaid, grants, the school lunch program, and expendable trust funds held by the Town of Newmarket Trustees of Trust Funds for the School District. 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, 2021, consisted of the following:

	Balance, beginning (as restated)	Additions	Retirements	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 1,658,841	\$ -	\$ -	\$ 1,658,841
Construction in progress	39,368,659	-	(39,368,659)	-
Total capital assets not being depreciated	<u>41,027,500</u>	<u>-</u>	<u>(39,368,659)</u>	<u>1,658,841</u>
Being depreciated:				
Land improvements	5,100	-	-	5,100
Buildings and building improvements	10,598,306	39,075,009	(76,029)	49,597,286
Equipment and vehicles	550,877	441,728	-	992,605
Total capital assets being depreciated	<u>11,154,283</u>	<u>39,516,737</u>	<u>(76,029)</u>	<u>50,594,991</u>
Total capital assets	<u>52,181,783</u>	<u>39,516,737</u>	<u>(39,444,688)</u>	<u>52,253,832</u>
Less accumulated depreciation:				
Land improvements	(5,100)	-	-	(5,100)
Buildings and building improvements	(7,527,922)	(684,393)	68,404	(8,143,911)
Equipment and vehicles	(461,220)	(48,292)	-	(509,512)
Total accumulated depreciation	<u>(7,994,242)</u>	<u>(732,685)</u>	<u>68,404</u>	<u>(8,658,523)</u>
Net book value, capital assets being depreciated	<u>3,160,041</u>	<u>38,784,052</u>	<u>(7,625)</u>	<u>41,936,468</u>
Net book value, all capital assets	<u>\$ 44,187,541</u>	<u>\$ 38,784,052</u>	<u>\$ (39,376,284)</u>	<u>\$ 43,595,309</u>

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	\$ 944
Support services:	
General administration	9,752
Operation and maintenance of plant	716,656
Noninstructional services	5,333
Total depreciation expense	<u>\$ 732,685</u>

NEWMARKET SCHOOL DISTRICT
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NOTE 6 – INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2021, are as follows:

Receivable Fund	Payable Fund	Amount
General	Food service	\$ 51,014
	Federal projects	217,826
		\$ 268,840

An interfund transfer in the amount of \$38,676 was made from the general fund to the food service fund to cover an operating deficit. An interfund transfer of \$665,531 was also made from the nonmajor capital projects fund to the blended expendable trust funds. This transfer represents interest income on the capital projects bond and was approved at the March 2020 annual district meeting with the approval of Warrant Articles No. 5, 6, and 7.

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (2) use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2021 consist of amounts related to pensions totaling \$6,300,273 and amounts related to OPEB totaling \$754,617. For further discussion on these amounts, see Notes 10 and 11, respectively.

Deferred inflows of resources at June 30, 2021 consist of amounts related to pensions totaling \$479,057 and amounts related to OPEB totaling \$878,976. For further discussion on these amounts, see Notes 10 and 11, respectively.

NOTE 8 – CAPITAL LEASE OBLIGATIONS

The School District has entered into capital lease agreements under which the related equipment will become the property of the School District when all the terms of the lease agreements are met.

	Standard Interest Rate	Present Value of Remaining Payments as of June 30, 2021
Capital lease obligations:		
Copier equipment	6.18%	\$ 3,676
Ford F-250	5.99%	2,194
Energy performance upgrades	3.79%	77,080
Energy performance upgrades	4.72%	40,226
Total capital lease obligations		\$ 123,176

Leased equipment under capital leases, included in capital assets, is as follows:

	Governmental Activities
Equipment:	
Copier equipment	\$ 221,700
Ford F-250	24,400
Energy performance upgrades	85,250
Energy performance upgrades	43,750
Total equipment	375,100
Less: accumulated depreciation	(358,156)
Total capital lease equipment	\$ 16,944

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The annual requirements to amortize the capital leases payable as of June 30, 2021, including interest payments, are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2022	\$ 21,901
2023	15,990
2024	15,990
2025	15,990
2026	15,990
2027-2030	63,960
Total requirements	149,821
Less: interest	(26,645)
Present value of remaining payments	\$ 123,176

Amortization of lease equipment under capital assets is included with depreciation expense.

NOTE 9 – LONG-TERM LIABILITIES

Changes in the School District's long-term liabilities consisted of the following for the year ended June 30, 2021:

	Balance July 1, 2020 (as restated)	Additions	Reductions	Balance June 30, 2021	Due Within One Year	Due In More Than One Year
Bond payable:						
Direct borrowing:						
General obligation bond	\$ 34,535,000	\$ -	\$ (690,000)	\$ 33,845,000	\$ 725,000	\$ 33,120,000
Premium	2,834,493	-	(104,982)	2,729,511	104,982	2,624,529
Total bond payable	37,369,493	-	(794,982)	36,574,511	829,982	35,744,529
Capital leases	184,995	-	(61,819)	123,176	17,002	106,174
Compensated absences	531,227	11,465	(48,550)	494,142	25,215	468,927
Pension related liability	13,558,858	6,230,980	-	19,789,838	-	19,789,838
Net other postemployment benefits	3,888,157	-	409,331	4,297,488	-	4,297,488
Total long-term liabilities	\$ 55,532,730	\$ 6,242,445	\$ (496,020)	\$ 61,279,155	\$ 872,199	\$ 60,406,956

The long-term bond is as follows:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2021
General obligation bond payable:					
School Building Renovation	\$ 35,816,700	2017	2047	3.33%	\$ 33,845,000

The annual requirements to amortize all general obligation bond outstanding as of June 30, 2021, including interest payments, are as follows:

Fiscal Year Ending June 30,	Direct Borrowing		
	Principal	Interest	Total
2022	\$ 725,000	\$ 1,372,008	\$ 2,097,008
2023	765,000	1,334,013	2,099,013
2024	805,000	1,293,978	2,098,978
2025	845,000	1,251,903	2,096,903
2026	885,000	1,207,787	2,092,787
2027-2031	5,145,000	5,315,873	10,460,873
2032-2036	6,275,000	4,155,347	10,430,347
2037-2041	7,385,000	3,009,003	10,394,003
2042-2046	8,990,000	1,366,325	10,356,325
2047	2,025,000	41,512	2,066,512
Totals	\$ 33,845,000	\$ 20,347,749	\$ 54,192,749

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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 10 – 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.

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 2021, the School District contributed 15.99% for teachers and 10.88% for other employees. The contribution requirement for the fiscal year 2021 was \$1,498,632, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the School District reported a liability of \$19,789,838 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020, the School District’s proportion was 0.31%, which was an increase of 0.03% from its proportion measured as of June 30, 2019.

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For the year ended June 30, 2021, the School District recognized pension expense of \$3,156,401. At June 30, 2021, 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	\$ 1,085,589	\$ 266,571
Net difference between projected and actual investment earnings on pension plan investments	1,224,023	-
Changes in assumptions	1,957,608	-
Differences between expected and actual experience	534,421	212,486
Contributions subsequent to the measurement date	1,498,632	-
Total	\$ 6,300,273	\$ 479,057

The \$1,498,632 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, 2022. 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,	
2021	\$ 844,391
2022	1,075,071
2023	1,237,710
2024	1,165,412
Thereafter	-
Totals	\$ 4,322,584

Actuarial Assumptions – The collective total pension liability was determined by an actuarial performed as of June 30, 2019, rolled forward to June 30, 2020, 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, 2019, 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.

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Following is a table presenting target allocations and long-term rates of return for 2020:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2020
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

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 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, 2019	\$ 25,619,786	\$ 19,789,838	\$ 15,025,998

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 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

11-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.

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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 2019 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 2020, 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 2021, the School District contributed 1.81% for teachers and 0.29% for other employees. The contribution requirement for the fiscal year 2021 was \$154,438, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2021, the School District reported a liability of \$1,332,830 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020, the School District’s proportion was 0.30%, which was an increase of 0.04% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized OPEB expense of \$312,509. At June 30, 2021, 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	\$ 26,430	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	4,987	-
Changes in assumptions	8,570	-
Differences between expected and actual experience	-	3,862
Contributions subsequent to the measurement date	154,438	-
Total	\$ 194,425	\$ 3,862

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The \$154,438 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, 2022. 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,	
2021	\$ 31,516
2022	1,476
2023	1,760
2024	1,373
Thereafter	-
Totals	<u>\$ 36,125</u>

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2019, and a measurement date of June 30, 2020. 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, 2019, 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. Following is a table presenting target allocations and long-term rates of return for 2020:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2020
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	<u>100.00%</u>	

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Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2020, 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	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2019	<u>\$ 1,447,314</u>	<u>\$ 1,332,830</u>	<u>\$ 1,233,435</u>

Sensitivity of the School District’s Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rate – GASB 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.

11-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.

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, 2019, 162 active employees were covered by the benefit terms.

Total OPEB Liability – The School District’s total OPEB liability of \$2,964,658 was measured as of July 1, 2019, 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.

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Actuarial Assumptions and Other Inputs – The total OPEB liability of \$2,964,658 in the July 1, 2019, 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:	2.21%
Healthcare Cost Trend Rates:	
Current Year Trend	9.50%
Second Year Trend	9.00%
Decrement	0.50%
Ultimate Trend	5.00%
Year Ultimate Trend is Reached	2030
Salary Increases:	2.00%

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, 2020.

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2019 (Base Year 2006).

Changes in the Total OPEB Liability

	June 30,	
	2020	2021
Total OPEB liability beginning of year	\$ 2,726,886	\$ 2,765,537
Changes for the year:		
Service cost	176,968	180,879
Interest	56,419	60,650
Assumption changes and difference between actual and expected experience	(153,245)	-
Benefit payments	(41,491)	(42,408)
Total OPEB liability end of year	<u>\$ 2,765,537</u>	<u>\$ 2,964,658</u>

Sensitivity of the School District's OPEB Liability to Changes in the Discount Rate – The July 1, 2019, actuarial valuation was prepared using a discount rate of 2.21%. If the discount rate were 1% lower than what was used, the OPEB liability would increase to \$3,172,074, or by 7.00%. If the discount rate were 1% higher than what was used, the OPEB liability would decrease to \$2,759,791, or by 6.91%.

	Discount Rate		
	1% Decrease	Baseline 2.21%	1% Increase
Total OPEB Liability	<u>\$ 3,172,074</u>	<u>\$ 2,964,658</u>	<u>\$ 2,759,791</u>

Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2019, actuarial valuation was prepared using a trend rate of 9.50% for fiscal year 2021. If the trend rate were 1% lower than what was used, the OPEB liability would decrease to \$2,595,184, or by 12.46%. If the trend rate were 1% higher than what was used, the OPEB liability would increase to \$3,397,607, or by 14.60%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 1.82%	1% Increase
Total OPEB Liability	<u>\$ 2,595,184</u>	<u>\$ 2,964,658</u>	<u>\$ 3,397,607</u>

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OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the School District recognized OPEB expense of \$131,105. At June 30, 2021, 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	\$ 560,192	\$ -
Differences between expected and actual experience	-	875,114
Total	\$ 560,192	\$ 875,114

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	\$	(110,424)
	2023		(110,424)
	2024		(66,854)
	2025		(25,205)
	2026		(2,015)
	Thereafter		-
	Totals	\$	(314,922)

NOTE 12 - ENCUMBRANCES

Encumbrances outstanding in the general fund at June 30, 2021, are as follows:

Current:		
Instruction:		
Regular programs	\$	29,184
Special programs		30,122
Total instruction		59,306
Support services:		
Instructional staff		34,861
Operation and maintenance of plant		314,866
Total support services		349,727
Total encumbrances	\$	409,033

NOTE 13 – GOVERNMENTAL ACTIVITIES NET POSITION

Net position reported on the government-wide Statement of Net Position at June 30, 2021, includes the following:

	Governmental Activities
Net investment in capital assets:	
Net book value of all capital assets	\$ 43,595,309
Less:	
General obligation bond payable	(33,845,000)
Unamortized bond premium	(2,729,511)
Capital leases payable	(123,176)
Total net investment in capital assets	6,897,622

(Continued)

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Governmental activities net position continued:

	Governmental Activities
Restricted net position:	
Capital projects	396,735
State and local grants	39,134
Total restricted net position	435,869
Unrestricted	(15,718,991)
Total net position	\$ (8,385,500)

NOTE 14 – 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	\$ -	\$ 8,458	\$ -	\$ 8,458
Restricted:				
Capital projects	-	-	396,735	396,735
State and local grants	-	-	39,134	39,134
Total restricted fund balance	-	-	435,869	435,869
Committed:				
Expendable trust	1,032,468	-	-	1,032,468
Voted appropriations - March 2021	110,000	-	-	110,000
Total committed fund balance	1,142,468	-	-	1,142,468
Assigned:				
Encumbrances	409,033	-	-	409,033
Student activity funds	11,456	-	131,632	143,088
Total assigned fund balance	420,489	-	131,632	552,121
Unassigned (deficit):				
Unassigned - retained (RSA 198:4-bII)	454,632	-	-	454,632
Unassigned	1,538,201	-	-	1,538,201
Deficit	-	(8,458)	-	(8,458)
Total unassigned fund balance (deficit)	1,992,833	(8,458)	-	1,984,375
Total governmental fund balances	\$ 3,555,790	\$ -	\$ 567,501	\$ 4,123,291

NOTE 15 – PRIOR PERIOD ADJUSTMENT

Net position at July 1, 2020, was restated for the following:

	Governmental Activities
To record previously unrecorded capital assets and related accumulated depreciation	\$ 250,234
To record previously unrecorded capital lease	(43,750)
Net position, as previously reported	(7,081,405)
Net position, as restated	\$ (6,874,921)

NOTE 16 – 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 2021, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability programs.

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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, 2020, to June 30, 2021 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 2020-21 the School District paid \$42,365 and \$49,178, 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 17 – 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 18 – 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 (CRRSAA) was signed into law, which provided additional funding for the ESF programs.

The CRF requires that the payment from these funds be used to cover expenses that: are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the most recently approved budget as of March 27, 2020; and were incurred during the period that begins March 1, 2020, and ends on December 31, 2021. The School District was awarded a portion of this Federal funding totaling \$414,592 in the fall of 2020, through the Supplemental Public School Response Fund (SPSRF).

The ESSR 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 and II grants, with the School District expending \$108,385 of this funding in the fiscal year 2021 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 19 – 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 December 20, 2021, the date the June 30, 2021, 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, 2021
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
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
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%
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
Covered payroll	\$ 7,709,188	\$ 8,180,598	\$ 8,230,593	\$ 8,554,011	\$ 8,864,986	\$ 8,127,930	\$ 9,079,553	\$ 9,079,553
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%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%

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, 2021
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
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
Contractually required contribution	\$ 683,350	\$ 946,024	\$ 952,343	\$ 1,046,576	\$ 1,084,724	\$ 1,201,590	\$ 1,226,307	\$ 1,374,495
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)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 7,709,188	\$ 8,180,598	\$ 8,230,593	\$ 8,554,011	\$ 8,864,986	\$ 8,127,930	\$ 9,079,553	\$ 9,888,220
Contributions as a percentage of covered payroll	8.86%	11.56%	11.57%	12.23%	12.24%	14.78%	13.51%	15.14%

**NEWMARKET SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

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

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, 2021. 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.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2020:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	20 years beginning July 1, 2019 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.0% per year
Wage Inflation	2.755% per year (2.25% for Teachers) in the 2007 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	6.75% per year, net of investment expenses including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	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.

Other Information:

Notes	The board has adopted new assumptions based on the 2015-2019 experience study effective for employer contributions in the 2022-23 biennium.
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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, 2021
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
School District's proportion of the net OPEB liability	0.33%	0.34%	0.26%	0.26%	0.30%
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
School District's covered payroll	\$ 8,554,011	\$ 8,864,986	\$ 8,127,930	\$ 9,079,553	\$ 9,079,553
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%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%

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, 2021
Unaudited

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

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, 2021
Unaudited

	June 30.				
	2017	2018	2019	2020	2021
OPEB liability, beginning of year	\$ 3,284,734	\$ 2,444,592	\$ 2,593,425	\$ 2,726,886	\$ 2,765,537
Changes for the year:					
Service cost	133,487	162,167	165,409	176,968	180,879
Interest	130,605	86,468	91,795	56,419	60,650
Assumption changes	(508,268)	-	-	-	-
Difference between actual and expected experience	(556,737)	(41,206)	(65,133)	(153,245)	-
Benefit payments	(39,229)	(58,596)	(58,610)	(41,491)	(42,408)
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>
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>
Total OPEB liability as a percentage of covered payroll	27.19%	32.45%	33.45%	32.67%	34.34%

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, 2021

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

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, 2021. 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.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

Methods and Assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.0% per year
Wage Inflation	2.75% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Funding Discount Rate	3.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	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.
Health Care Trend Rates	Not applicable, given that benefits are fixed stipends.
Aging Factors	Not applicable, given that the benefits are fixed stipends.

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

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, 2021. 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.

NEWMARKET SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

Assumptions and Methodology

Economic Assumptions:

Discount Rate An interest rate of 9.50% was used to calculate the net OPEB expense for the fiscal years ending June 30, 2021.

Payroll Growth 2.00% per year.

Trend It was assumed that healthcare costs would increase in accordance with the trend rates in the following table:

Year	Medical
2020	9.50%
2021	9.00%
2022	8.50%
2023	8.00%
2024	7.50%
2025	7.00%
2026	6.50%
2027	6.00%
2028	5.50%
2029	5.00%

Demographic Assumptions:

Census Collection Date The census used in this report represents the eligible population as of July 1, 2019. The valuation date is July 1, 2019, and the measurement date is June 30, 2021.

Mortality SOA RP-2014 Total Dataset Mortality with Scale MP-2019 (Base Rate 2006).

Retirement Rates The following are representative assumed retirement rates for eligible employees:

Age	Male	Female
50	NA	NA
55	0.05000	0.05000
60	0.12500	0.13000
65	0.22000	0.18667
>=70	1.0000	1.00000

Termination Rates These rates represent the percentage of employees who will terminate employment at the given age each year, for reasons other than death, or retirement:

Age	Male	Female
35	0.05500	0.06000
40	0.04500	0.05000
45	0.04000	0.04000
50	0.03500	0.03500

Benefit Assumptions

Participation Rate It was assumed that 100% of future retirees eligible for coverage will elect coverage under the Yellow Open Access w/Choice plan.

Percent Married It was assumed that 80% of future retirees will be married with spouses who will also elect coverage under the Yellow Open Access w/Choice plan, with male spouses assumed to be 3 years older than female spouses.

NEWMARKET SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

Per Capita Costs

The following rates were used in the development of per capita costs:

Plan	Single	Two Person	Single	Two Person
Yellow Open Access w/Choice	\$9,894.00	\$ 19,788.00	\$ 10,074.00	\$ 20,148.00

Implicit Subsidy

GASB No. 75 requires that employers recognize the expected claims of the retiree populations less the expected contributions by those retirees. This is not necessarily the same determination as the expected cash payments of the employer for retiree health benefits. The difference is that many post-employment health plans (including the School District’s program) charge the same premium rates for all participants in a non-Medicare plan regardless of their age. This single premium rate is called a blended premium rate because it blends the expected claims of both active and retired participants. Retirees are generally older than the average participant of the plan; therefore, they are receiving a subsidy even if they pay 100% of the blended premium rate because they would be paying less in premiums than their claims costs. This subsidy is referred to as the “Implicit Rate Subsidy.”

The following age-based factors were used to adjust for the implicit subsidy and are based on an average age of 46.

Age	Annual Increase Factor
20	3.30%
25	3.30%
30	3.30%
35	3.30%
40	3.30%
45	3.80%
46	3.80%
50	4.30%
55	4.40%

Other Assumptions:

Actuarial Value of Assets

None.

Administrative Expenses

Included in the premiums used.

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, 2021

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 16,196,879	\$ 16,196,879	\$ -
Other local sources:			
Tuition	2,000	25,549	23,549
Investment earnings	5,000	8,649	3,649
Miscellaneous	150,000	283,861	133,861
Total from other local sources	<u>157,000</u>	<u>318,059</u>	<u>161,059</u>
State sources:			
Adequacy aid (grant)	2,765,440	2,754,855	(10,585)
Adequacy aid (tax)	1,988,390	1,988,390	-
Catastrophic aid	134,127	239,513	105,386
Vocational aid	9,500	9,821	321
Other state aid	9,000	8,801	(199)
Total from state sources	<u>4,906,457</u>	<u>5,001,380</u>	<u>94,923</u>
Federal sources:			
Medicaid	110,000	106,545	(3,455)
Other financing sources:			
Transfers in	1,800	665,531	663,731
Total revenues and other financing sources	21,372,136	<u>\$ 22,288,394</u>	<u>\$ 916,258</u>
Use of fund balance to reduce school district assessment	1,082,620		
Use of fund balance - appropriated	715,531		
Total revenues, other financing sources, and use of fund balance	<u>\$ 23,170,287</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, 2021

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 10,968	\$ 7,636,313	\$ 8,081,689	\$ 29,184	\$ (463,592)
Special programs	-	4,492,003	3,604,135	30,122	857,746
Vocational programs	-	190,850	139,922	-	50,928
Other programs	-	646,492	333,197	-	313,295
Total instruction	<u>10,968</u>	<u>12,965,658</u>	<u>12,158,943</u>	<u>59,306</u>	<u>758,377</u>
Support services:					
Student	-	1,429,116	1,297,277	-	131,839
Instructional staff	73,259	964,792	1,047,087	34,861	(43,897)
General administration	2,500	163,547	216,720	-	(50,673)
Executive administration	40,000	859,443	985,447	-	(86,004)
School administration	-	1,165,019	1,079,711	-	85,308
Business	-	413,555	357,900	-	55,655
Operation and maintenance of plant	107,032	1,777,392	1,317,596	314,866	251,962
Student transportation	-	773,244	670,858	-	102,386
Other	-	120,030	90,939	-	29,091
Total support services	<u>222,791</u>	<u>7,666,138</u>	<u>7,063,535</u>	<u>349,727</u>	<u>475,667</u>
Debt service:					
Principal of long-term debt	-	697,170	700,694	-	(3,524)
Interest on long-term debt	-	1,411,321	1,413,386	-	(2,065)
Total debt service	<u>-</u>	<u>2,108,491</u>	<u>2,114,080</u>	<u>-</u>	<u>(5,589)</u>
Facilities acquisition and construction	<u>7,938</u>	<u>-</u>	<u>5,015</u>	<u>-</u>	<u>2,923</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>430,000</u>	<u>338,676</u>	<u>-</u>	<u>91,324</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 241,697</u>	<u>\$ 23,170,287</u>	<u>\$ 21,680,249</u>	<u>\$ 409,033</u>	<u>\$ 1,322,702</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, 2021

Unassigned fund balance, beginning		\$ 1,512,024
Changes:		
Unassigned fund balance used to reduce school district assessment		(1,082,620)
Unassigned fund balance appropriated for use in 2020-2021		(715,531)
2020-2021 Budget summary:		
Revenue surplus (Schedule 1)	\$ 916,258	
Unexpended balance of appropriations (Schedule 2)	<u>1,322,702</u>	
2020-2021 Budget surplus		2,238,960
Increase in committed fund balance		(60,000)
Decrease in assigned fund balance (non-encumbrance)		<u>100,000</u>
Unassigned fund balance, ending		<u>\$ 1,992,833</u>

SCHEDULE 4
NEWMARKET SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	<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>\$ 39,134</u>	<u>\$ 131,632</u>	<u>\$ 396,735</u>	<u>\$ 567,501</u>
FUND BALANCES				
Restricted	\$ 39,134	\$ -	\$ 396,735	\$ 435,869
Assigned	<u>-</u>	<u>131,632</u>	<u>-</u>	<u>131,632</u>
Total fund balances	<u>\$ 39,134</u>	<u>\$ 131,632</u>	<u>\$ 396,735</u>	<u>\$ 567,501</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, 2021

	Special Revenue Funds			Total
	State and Local Grants	Student Activities	Capital Projects	
REVENUES				
Other local	\$ 2,929	\$ 62,244	\$ 17,217	\$ 82,390
EXPENDITURES				
Current:				
Instruction	8,482	77,672	-	86,154
Facilities acquisition and construction	12,638	-	148,078	160,716
Total expenditures	21,120	77,672	148,078	246,870
Deficiency of revenues under expenditures	(18,191)	(15,428)	(130,861)	(164,480)
OTHER FINANCING USES				
Transfers out	-	-	(665,531)	(665,531)
Net change in fund balances	(18,191)	(15,428)	(796,392)	(830,011)
Fund balances, beginning	57,325	147,060	1,193,127	1,397,512
Fund balances, ending	\$ 39,134	\$ 131,632	\$ 396,735	\$ 567,501

SCHEDULE 6
NEWMARKET SCHOOL DISTRICT
Student Activity Funds
Combining Balance Sheet
June 30, 2021

	Student Activity Funds			
	JR/SR High School	Elementary School	Athletics	Total
ASSETS				
Cash and cash equivalents	\$ 102,643	\$ 20,416	\$ 8,573	\$ 131,632
FUND BALANCES				
Assigned	\$ 102,643	\$ 20,416	\$ 8,573	\$ 131,632

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, 2021

	Student Activity Funds			
	JR/SR			
	High School	Elementary School	Athletics	Total
REVENUES				
Other local	\$ 40,591	\$ 7,309	\$ 14,344	\$ 62,244
EXPENDITURES				
Current:				
Instruction	53,812	5,088	18,772	77,672
Net change in fund balances	(13,221)	2,221	(4,428)	(15,428)
Fund balances, beginning	115,864	18,195	13,001	147,060
Fund balances, ending	<u>\$ 102,643</u>	<u>\$ 20,416</u>	<u>\$ 8,573</u>	<u>\$ 131,632</u>

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



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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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, 2021, 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 December 20, 2021.

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.

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

December 20, 2021

PLODZIK & SANDERSON
Professional Association



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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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

We have audited the Newmarket School District's compliance with the types of compliance requirements described 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Newmarket School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Newmarket School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Newmarket School District's compliance.

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control Over Compliance

Management of the Newmarket School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Newmarket School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control

*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*

over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Newmarket School District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. Platt, CPA

December 20, 2021

PLODZIK & SANDERSON
Professional Association

SCHEDULE I
NEWMARKET SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

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>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
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, 2021

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	\$ -	\$ 73,655
COVID-19 School Breakfast Program	10.553	N/A	-	2,584
National School Lunch Program <i>(note 4)</i>	10.555	N/A	-	197,247
COVID-19 National School Lunch Program	10.555	N/A	-	8,665
<i>CLUSTER TOTAL</i>			<u>-</u>	<u>282,151</u>
U.S. DEPARTMENT OF TREASURY				
Passed Through the Town of Newmarket, New Hampshire				
COVID-19 - Coronavirus Relief Fund	21.019	N/A	-	65,275
U.S. DEPARTMENT OF EDUCATION				
Passed Through the State of New Hampshire Department of Education				
Title I Grants to Local Educational Agencies	84.010	20211095	-	192,296
SPECIAL EDUCATION CLUSTER				
Special Education - Grants to States:				
IDEA	84.027	92533	-	37,545
IDEA- Remote Learning	84.027	95694	-	6,000
IDEA	84.027	202525	-	170,429
IDEA	84.027	20210970	-	82,935
Special Education - Preschool Grant	84.173	92533	-	5,680
<i>CLUSTER TOTAL</i>			<u>-</u>	<u>302,589</u>
English Language State Acquisition Grants:				
Title III	84.365	20190416	3,098	5,408
Title III	84.365	20200416	1,760	5,887
Title III	84.365	20211520	-	4,408
<i>PROGRAM TOTAL</i>			<u>4,858</u>	<u>15,703</u>
Supporting Effective Instruction State Grants:				
Title II Part A	84.367	20190168	-	3,525
Title II Part A	84.367	20200168	-	21,577
<i>PROGRAM TOTAL</i>			<u>-</u>	<u>25,102</u>
COVID-19 - Education Stabilization Fund	84.425D	20204869	-	108,385
Total Expenditures of Federal Awards			<u>\$ 4,858</u>	<u>\$ 991,501</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, 2021

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Newmarket School District under programs of the federal government for the year ended June 30, 2021. 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, 2021 the value of food donations received was \$21,939.