



**School Administrative Unit #31  
Newmarket School District**

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Todd Allen  
*Interim Superintendent of Schools*

Debra Black  
*Assistant Superintendent*

Janna Mellon  
*Business Administrator*

Erica MacNeil  
*Student Services*

Date: June 9, 2022  
To: Todd Allen, Interim Superintendent  
cc: Newmarket School Board  
Subject: Interim Financial Report of the Business Administrator-  
For the period ended May 31,2022

**FY 2021-2022: Financial Report as of May 31, 2022-General Fund:**

Expenditure reports as of May 31, 2022 are attached for your review. These reports have been presented to you by expenditure category with notes to explain variances.

**Expenditures-General Fund:** In this interim report, we have presented our expenditures as of 5/31/2022, as well as our estimated encumbrances for the remainder of FY 2022. While this report represents our best estimates of end-of-year expenditures as of this time, it is important to remember that one full month of instruction and operations remain, and actual expenditures may vary from these estimates.

COVID-19 continues to impact both expenditures and revenues for FY 2021. Although our educational environment has been more typical this school year, COVID continues to impact both expenditures and revenues. Staffing remains a challenge as we continue to experience regional and national labor shortages in many sectors including bus drivers, paraprofessionals and facilities technicians.

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

**Local Revenues:** We have received a waiver from the USDA to provide meals to students free of charge in FY 21-22. This has resulted in two impacts on our revenues during the year: a significant reduction in local food sales revenues and a corresponding significant increase in Federal Child Nutrition revenues. Please see our **Food Service Program Analysis** section below for more details on the impacts of these revenue variances.

**State Revenues:** For FY 22, the state adequacy aid calculation was revised mid-year, resulting in an increase in adequacy aid for the Newmarket School District. In October 2021, Newmarket voters took part in a special meeting and voted to utilize this unanticipated additional adequacy aid to fund

future capital improvements. Accordingly, \$498,255 was added to the School Improvement Capital Reserve Fund. You will see this change reflected in both revenues and expenditure encumbrances in the statements below.

**Federal Revenues:** Due to several significant Federal awards related to COVID-19, we expect to see increased use of Federal revenues in FY 22. ESSER II and ESSER III activities have been written and approved by the NHDOE and we anticipate that in the next fiscal year we will see an increase in ESSER revenues as we expend some of these funds. As with most Federal grants, all revenues received from ESSER will be equally offset by grant expenditures, so we do not expect to see any change to our overall financial position as a result of these ESSER funds. However, unanticipated FEMA revenues have contributed to our Federal revenues significantly and *will* have an estimated \$520K positive impact on our FY 22 ending financial position. Please see **FEMA Project DR 4516** below for more details.

**COVID-related Expenditures and Revenues Update:**

**ESSER II:** Allocation amount: \$658,656. **ESSER II funding can be used until 9/30/2023.**

**ESSER III:** Allocation amount: \$1,480,696. **ESSER III funds can be used until 9/30/2024.**

**FEMA Project DR 4516:** On January 21, 2021, changes were announced to the FEMA Public Assistance Program in response to COVID-19. These changes reversed a previous decision to exclude schools from eligibility for reimbursements under FEMA COVID disaster DR 4516. As of 3/31/2022, the Newmarket School District has sought reimbursement for a total of \$386K of FEMA eligible expenditures. In addition, FEMA recently announced an extension of this program through June 2022. We anticipate that the district will be eligible for an estimated additional \$134K in reimbursements for FEMA-eligible expenditures for the period April - June 2022. ***We anticipate that the total unanticipated positive financial impact of FEMA revenues will be approximately \$520K for FY 22.***

**Other Awards:**

<b>Grant Title</b>	<b>Purpose of Award</b>	<b>Amount</b>
School Meals Emergency Operations Program	Reimbursement for calculated operational losses related to COVID-19.	\$ 9,845
IDEA Compensatory Education Award	Reimbursement for FY 21 expenditures related to compensatory SPED services provided in COVID-19.	\$ 9,179
Supply Chain Assistance Grant	To enhance local school district's ability to purchase foods for school meals and address supply chain challenges created during COVID-19.	\$21,552
New England Dairy Council Grant	Grant funding aimed at increasing breakfast service in the NSLP.	\$ 3,035

**FY 22 Estimated “Cost to Compete”-as of May 31, 2022:** Below, we have provided early estimates of the expenditures and revenue balances for FY 22 in both the General Fund and in the Food Service Fund, based on our financials as of March 31, 2022.

<b>General Fund Estimated Balance:</b>	<b>\$852K</b>
<b>Food Service Fund Estimated Balance:</b>	<b>\$44K</b>

Please see the bottom of the ***Expenditures by Category Statement*** and the bottom of the ***Food Services Expenditures Statement*** for summaries of expenditures and revenues used in these estimates. It is important to understand that these summary figures reflect only revenues and expenditures; they do not include required auditing adjustments or transfers that will be made as a part of our annual financial audit. It is also important to remember that one full month of instruction and operations remain in FY 22. While we have made our estimates based on the most up-to-date information that we have at this time, our actual ending balances may vary based on economic conditions or additional needs that might arise during the remainder of year.

**Looking Down the Road, FY 2023:**

**NHRS Contributions, FY 2023:** In May 2022, the NH Legislature passed HB 1221 which will provide for a one-time payment by the State of 7.5% of the required employer contributions made the New Hampshire Retirement Service (NHRS) for teachers. We estimate that this will result in a savings of approximately \$140K in FY 2023. It is important to understand that if this bill is not extended or adopted permanently in a future NH legislative session, it will have the impact of artificially reducing the local tax rate in FY 2023, and result in an automatic increase in the local tax rate for FY 2024, upon the expiration of HB 1221.

**USDA Food Service Waivers, FY 2023:**

In March, we were informed that the USDA will not be continuing its COVID-19 waivers into FY 23. Although efforts have been made to extend these waivers for one more year, this is unlikely to occur in FY 2023. This will mean that families who have received free meals under these waivers for the past two years, will once again be required to pay for meals in FY 23, unless qualifying for free or reduced meals. We are planning to step up efforts and reach out to families several times over the summer as a means to encourage all families to complete a Free/Reduced Meal application for FY 23.

**NH School Energy Efficiency Development (SEED) Grant FY 23:**

On May 18, 2022, the State of NH Department of Energy sent out a notice of funding availability in the amount of \$150K with a 10% match requirement. Applications for this grant are due on July 20, 2022. We are currently working with a vendor to prepare the materials necessary to submit a project under the terms of this award. It is important to note that SEED grant awards are quite competitive and there is no guarantee that Newmarket will be selected for the award, however we are hopeful that we might benefit from this opportunity.

Respectfully Submitted, Janna Mellon, Business Administrator

**Newmarket School District  
Financial Statements as of 5/31/2022**

<b><i>Expenditures by Category</i></b>	Original Total Budget, as Voted	Adjustments for Encumbrances	Total Budget	YTD Activity	Encumbrances	Variance Favorable (Unfavorable)	% Remaining
<b><i>Salaries</i></b>							
Administrator	\$1,292,402		\$1,292,402	\$ 1,217,585	\$ 104,647	\$ (16,802)	
Administrative Support	\$507,589		\$507,589	\$ 456,264	\$ 45,574	\$ 5,751	
Professional	\$7,401,454		\$7,401,454	\$ 5,853,756	\$ 1,524,333	\$ (73,885)	
Paraprofessionals, Tutors & Monitors	\$1,318,383		\$1,318,383	\$ 915,893	\$ 110,105	\$ 292,385	
Other Educational	\$289,619		\$289,619	\$ 170,764	\$ 21,048	\$ 97,807	
Facilities	\$423,200		\$423,200	\$ 155,560	\$ 9,871	\$ 258,169	
Other Non-Instructional	\$330,550		\$330,550	\$ 219,890	\$ 25,274	\$ 50,858	
<b>Total Salaries</b>	<b>\$11,563,196</b>		<b>\$11,563,196</b>	<b>\$ 8,989,712</b>	<b>\$ 1,840,853</b>	<b>\$ 614,281</b>	<b>5.31%</b>
<b><i>Benefits</i></b>							
FICA	\$890,466		\$890,466	\$ 656,289	\$ 137,009	\$ 97,168	
NHRS	\$1,972,970		\$1,972,970	\$ 1,591,158	\$ 349,842	\$ 31,969	
Health/Dental Insurance	\$2,175,465		\$2,175,465	\$ 1,964,199	\$ 118,648	\$ 92,618	
Other Benefits	\$365,091		\$365,091	\$ 81,165	\$ -	\$ 283,926	
<b>Total Benefits</b>	<b>\$5,403,991</b>		<b>\$5,403,991</b>	<b>\$ 4,292,811</b>	<b>\$ 605,500</b>	<b>\$ 505,681</b>	<b>9.36%</b>
<b><i>Operations</i></b>							
Supplies	\$255,288	\$0	\$255,288	\$ 264,106	\$ 31,017	\$ (39,835)	
Professional Services	\$1,837,097	\$0	\$1,837,097	\$ 2,060,591	\$ 470,352	\$ (547,497)	
Software	\$186,300	\$10,400	\$196,700	\$ 185,696	\$ 23,633	\$ (12,629)	
Textbooks	\$68,504	\$0	\$68,504	\$ 29,643	\$ 9,059	\$ 29,801	
Printing/Postage	\$23,420	\$0	\$23,420	\$ 27,696	\$ 1,584	\$ (5,860)	
Equipment	\$114,051	\$77,102	\$191,153	\$ 351,393	\$ 6,786	\$ (15,492)	
Furniture	\$182,594	\$3,685	\$186,280	\$ 24,508	\$ 65,471	\$ (55,233)	
Tuition	\$839,277	\$0	\$839,277	\$ 695,818	\$ 64,063	\$ 51,396	
Repairs & Maintenance	\$298,937	\$317,845	\$616,782	\$ 536,149	\$ 117,436	\$ (45,665)	
Professional Development	\$165,595		\$165,595	\$ 50,034	\$ 11,934	\$ 103,627	
Utilities/Fuel	\$246,180		\$246,180	\$ 374,533	\$ 2,395	\$ (130,747)	
Professional Dues & Fees	\$58,896		\$58,896	\$ 47,218	\$ 3,174	\$ 8,504	
Phones/Internet	\$43,200		\$43,200	\$ 32,402	\$ 7,534	\$ 3,264	
Insurances and Other Operational Expenses	\$250,585	\$498,255	\$748,840	\$ 682,649	\$ 490	\$ 74,563	
Debt Service	\$2,112,998		\$2,112,998	\$ 2,112,998	\$ -	\$ -	
<b>Total Operations</b>	<b>\$6,682,921</b>	<b>\$907,288</b>	<b>\$7,590,209</b>	<b>\$ 7,475,434</b>	<b>\$ 814,928</b>	<b>\$ (581,803)</b>	<b>-7.67%</b>
<b>Total Expenditures</b>	<b>\$23,650,109</b>	<b>\$907,288</b>	<b>\$24,557,396</b>	<b>\$20,757,957</b>	<b>\$3,261,280</b>	<b>\$538,159</b>	<b>2.19%</b>

**Newmarket School District  
Financial Statements as of 5/31/2022**

***Budget Variance as of 5/31/2022 (see above)*** **\$ 538,159**

***Estimated FY 22 Additional Expenditures:***

Severance Payments	\$	(94,868)
Sick Day Buy Back	\$	(35,000)
Insurance Buy Back	\$	(12,750)
Vacation Payout-Departing Employees	\$	(4,500)
Utilities	\$	(36,600)

***Estimated Total Additional Expenditures Remaining FY 22\*\**** **\$ (183,718)**

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

FEMA Revenues FY 22	\$	520,000
Other Local Revenue	\$	(140,000)
Remaining Tuition Revenue Receivable FY 22	\$	500
ERATE Revenues	\$	28,368
Additional Special Ed Aid	\$	89,000

***Estimated Unbudgeted Additional Revenues FY 22*** **\$ 497,868**

***Estimated General Fund Balance, FY 22\**** **\$ 852,309 \***

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

**Additional Information Regarding Certain Expenditure Category Variances Shown Above:**

Category	Variance	Notes
Professional Salaries	(\$73,885)	This variance stems primarily from long-term substitutes needed to cover for staff medical absences as well as the addition of four full-time, one-year substitute teaching positions to help provide continuity in instruction during COVID-19.
Salaries-Paraprofessional, Tutors Other Educational Salaries-Facilities	\$292,385 \$ 97,807 \$258,169	Staffing continues to be a challenge, and this is shown by the positive variances in these lines. To accommodate student needs, we have needed to work with contracted service providers for SPED staffing and Facilities staffing to maintain adequate service levels. Costs for these contracted services are the reason for the negative variance shown in Professional Services below.
Benefits (FICA, NHRS, Health/Dental)	\$97,168 \$31,969 \$92,618	These variances stem primarily from staffing vacancies noted above.
Other Benefits	\$283,926	These variances relate to certain benefits that have not yet been paid in FY 22, such as sick day buyback. Severance payments to retirees are also included in this variance and will not be paid until the end of FY 22. Finally, our carrier for Unemployment Compensation

**Newmarket School District  
Financial Statements as of 5/31/2022**

		Coverage has issued a holiday premium to the district based on our claim history that has reduced our annual cost for FY 22 by \$11K.
Professional Services	(\$547,497)	This variance stems primarily from our need to outsource various roles in FY 22 that have typically been accounted for in salaries. Expenditures for contracted custodial services have been offset by FEMA revenues in the amount of \$386K as of 5/31/2022. Although not shown on the expenditures statement, unanticipated FEMA revenues are expected to almost fully offset our outsourced custodial services expenditures for the year.
Professional Development	\$103,627	We anticipate having \$50K remaining at year end as COVID-19 continues to impact many professional development activities.
Utilities/Fuel	(\$130,747)	From the start of FY 22, we have been anticipating a negative variance in our utilities/fuel budget. We estimate that this negative variance will continue to grow to approximately (\$167K) by the end of FY 22.

**Newmarket School District  
Financial Statements as of 5/31/2022**

<b>Food Service Expenditures</b>	<b>Total Budget</b>	<b>YTD Activity</b>	<b>Encumbrances</b>	<b>Variance Favorable (Unfavorable)</b>	<b>% Remaining</b>
<b>Salaries</b>					
Salaries	\$ 163,550	\$ 100,489	\$ 13,984	\$ 49,077	30.0%
<b>Total Salaries</b>	<b>\$ 163,550</b>	<b>\$ 100,489</b>	<b>\$ 13,984</b>	<b>\$ 49,077</b>	<b>30.0%</b>
<b>Benefits</b>					
FICA	\$ 12,544	\$ 7,422	\$ 1,043	\$ 4,079	32.5%
NHRS	\$ 13,331	\$ 9,174	\$ 902	\$ 3,256	24.4%
Health/Dental Insurance	\$ 27,641	\$ 16,837	\$ 1,602	\$ 9,201	33%
Other Benefits	\$ 582	\$ -	\$ -	\$ 582	100.0%
<b>Total Benefits</b>	<b>\$ 54,098</b>	<b>\$ 33,433</b>	<b>\$ 3,547</b>	<b>\$ 17,118</b>	<b>31.64%</b>
<b>Operations</b>					
Supplies	\$ 8,100	\$ 2,928	\$ 1,640	\$ 3,532	43.6%
Repairs & Maintenance	\$ 6,803	\$ 6,061	\$ 3,339	\$ (2,597)	-38.2%
Equipment	\$ -	\$ 5,631	\$ -	\$ (5,631)	0.0%
Professional Services	\$ -	\$ 174,506	\$ 9,185	\$ (183,690)	0.0%
Professional Development	\$ 1,000	\$ 407	\$ -	\$ 593	59.3%
Professional Dues & Fees	\$ 1,000	\$ 840	\$ -	\$ 160	16.0%
Food	\$ 147,000	\$ 78,542	\$ 677	\$ 67,782	46.1%
<b>Total Operations</b>	<b>\$ 163,903</b>	<b>\$ 268,915</b>	<b>\$ 14,840</b>	<b>\$ (119,851)</b>	<b>-73.12%</b>
<b>Total Expenditures as of 5/31/2022</b>	<b>\$ 381,551</b>	<b>\$ 402,836</b>	<b>\$ 32,371</b>	<b>\$ (53,656)</b>	<b>-14.1%</b>
<b>Estimated FY 22 Food Service Costs Remaining:</b>					
Food and Supplies				\$ (15,000.00)	
<b>Estimated Total Food Service Expenditures FY 22</b>				<b>\$ (68,656)</b>	<b>-18.0%</b>
<b>Estimated FY 22 Food Service Revenues Remaining:</b>					
Estimated Local Food Service Revenues Below Budgeted Revenues FY 22				\$ (182,000)	
Total School Emergency Operating Costs Program Grant-Used or Offset Program Costs				\$ 9,179	
Estimated Supply Chain Assistance Grant Used to Offset Program Costs- Received April 2022				\$ 2,500	
Estimated Student Debt Write Off				\$ (3,000)	
Estimated FY 22 Federal/State Food Service Revenues in Excess of Budgeted Revenues				\$ 340,000	
<b>Estimated Total Remaining Revenues FY 22</b>				<b>\$ 166,679</b>	<b>43.7%</b>
<b>Estimated Food Service Net Operating Profit/(Loss), FY 22*</b>				<b>\$ 44,367 *</b>	

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

**Newmarket School District  
Financial Statements as of 5/31/2022**

**Additional Information Regarding Certain Food Service Expenditure Category Variances Shown Above:**

<b>Category</b>	<b>Variance</b>	<b>Notes</b>
Salaries FICA NHRS Health/Dental Insurance	\$49,077 \$4,079 \$3,256 \$9,201	Due to COVID-19 staffing challenges, we have utilized a food service management company model for one of our schools in FY 22. Accordingly, there are positive variances in salaries and benefits, and a negative variance in Professional Services.
Professional Services	(\$183,690)	To combat staffing challenges, we have utilized a food service management company to service one of our schools. Therefore, there will be a positive variance in salaries and benefits, and a negative variance in Professional Services.
Supplies Food	\$ 3,532 \$67,782	Since food and supply costs are included in our Food Service Management fee for our NJSHS program, there will be a positive variance in both of these lines, partially offsetting the negative variance in professional services.



## Newmarket School District Financial Statements as of 5/31/2022

<b>Revenues</b>	<b>Total Budget</b>	<b>YTD Activity</b>	<b>Variance (Negative Variance)</b>	<b>% Budgeted Revenues Received as of 3/31/22</b>
<b>Local Revenues</b>				
District Assessment	\$ 18,278,215	\$ 17,410,242	\$ (867,973)	95%
Tuition From Others	\$ 5,000	\$ 24,799	\$ 19,799	496%
Earnings on Investments-GF	\$ 5,000	\$ 3,910	\$ (1,090)	78%
Refund of Contributions/Premiums	\$ -	\$ 7,492	\$ 7,492	
Other Local Revenue **	\$ 150,000	\$ 42,763	\$ (107,237)	29%
Food Service Revenues	\$ 201,551	\$ 24,108	\$ (177,443)	12%
<b>Total Local Revenues</b>	<b>\$ 18,639,766</b>	<b>\$ 17,513,313</b>	<b>\$ (1,126,453)</b>	<b>94%</b>
<b>State Revenues</b>				
Adequacy Aid	\$ 2,933,436.96	\$ 2,933,449	\$ 12	100%
State Education Tax	\$ 1,944,085.00	\$ 1,944,085	\$ -	100%
Other State Aid	\$ 9,000.00	\$ 9,653	\$ 653	107%
Vocational Transportation Aid	\$ 9,500.00	\$ 9,203	\$ (297)	97%
Special Education Aid	\$ 162,950.00	\$ 252,110	\$ 89,160	155%
Child Nutrition-State Breakfast	\$ 5,000	\$ 1,141	\$ (3,859)	23%
<b>Total State Revenues</b>	<b>\$ 5,063,972</b>	<b>\$ 5,149,641</b>	<b>\$ 85,669</b>	<b>102%</b>
<b>Federal Revenues</b>				
Federal Grants				
Title IA	\$ 295,011	\$ 160,154	\$ (134,857)	54%
Title IIA	\$ 113,116	\$ 30,832	\$ (82,284)	27%
IDEA and Preschool	\$ 311,795	\$ 186,648	\$ (125,147)	60%
IDEA Comp. Services	\$ 9,845	\$ 9,845	\$ -	100%
Title III	\$ 10,757	\$ -	\$ (10,757)	0%
Title IVA	\$ 48,980	\$ 18,329	\$ (30,650)	37%
ESSER CARES	\$ 1,816,255	\$ 325,820	\$ (1,490,435)	18%
FEMA	\$ -	\$ 386,203	\$ 386,203	
Federal-Child Nutrition	\$ 175,000	\$ 395,793	\$ 220,793	226%
Federal-School Meals Emerg. Oper. Program	\$ -	\$ 9,179	\$ 9,179	
Federal-Supply Chain Assistance Grant	\$ -	\$ 21,552	\$ 21,552	
New England Dairy Council Grant	\$ -	\$ 3,035	\$ 3,035	
Federal-Medicaid	\$ 90,000	\$ 103,338	\$ 13,338	115%
Federal-ERATE	\$ -	\$ 28,368	\$ 28,368	
<b>Total Federal Revenues</b>	<b>\$ 2,870,759</b>	<b>\$ 1,679,097</b>	<b>\$ (1,191,662)</b>	<b>58%</b>
<b>Total Revenues</b>	<b>\$ 26,574,497</b>	<b>\$ 24,342,051</b>	<b>\$ (2,232,446)</b>	<b>92%</b>
<b>Other Revenues</b>				
	<b>Total Budget</b>	<b>YTD Activity</b>	<b>Variance (Negative Variance)</b>	<b>% Budgeted Revenues Received as of 3/31/22</b>
Transfer to Trust Funds from GF (WA #4 &5)	\$ 110,000	\$ 110,000	\$ -	100%
Transfer to Trust Funds-Adequacy Aid	\$ -	\$ 498,255	\$ 498,255	0%
Local Grants	\$ 46,016	\$ 6,882	\$ (39,134)	15%
Interest Trust Funds	\$ -	\$ 1,163	\$ 1,163	0%
Interest Bond Fund	\$ -	\$ 347	\$ 347	0%
<b>Total Revenues-All Funds</b>	<b>\$ 26,730,513</b>	<b>\$ 24,958,698</b>	<b>\$ (2,270,069)</b>	

\*\* Other Local Revenue was originally budgeted to include the transfer of accrued Bond Fund interest earned throughout the construction project. In accordance with municipal law, any interest earned on Bond Funds will transfer to the General Fund upon closure of the Bond Fund. However, due to COVID-related delays, we now anticipate that the Bond Fund will close in FY 23 and therefore, this revenue will be recorded in FY 23, not FY 22. This timing difference will result in a negative revenue variance for FY 22.