



School Administrative Unit #31
Newmarket School District
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Patricia Wons
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Business Administrator

Erica MacNeil
Student Services

Date: January 9, 2023
To: Todd Allen, Superintendent
cc: Newmarket School Board
Subject: Quarter 2 Financial Report of the Business Administrator

FY 2022-2023: Quarter 2, Financial Report-General Fund:

Expenditure reports for Quarter 2 of the 2022-2023 fiscal year are attached for your review. These reports have been presented to you by expenditure category with notes to explain variances. As a reminder, the variances shown in this Q1 report do not include encumbrances or expenditures for open positions that have not yet been filled. For example, spring coaching positions remain open at this time as these coaches have not yet been hired, however, we do plan to expend funds during FY 23 once the positions are filled. In addition, we plan to expend additional funds for supplies and services during the remainder of FY 23. Variances in these categories will change accordingly as we expend funds for these purposes.

Expenditures-General Fund: COVID-19 continues to impact both expenditures and revenues for FY 23. While our educational environment is more typical in 22-23, we still are facing many challenges related to COVID-19. "Supply-chain" deficits have resulted in increased supply costs and some of these costs are not expected to decrease, at least during this fiscal year.

Staffing remains a challenge as we continue to experience regional and national labor shortages in many sectors. Bus driver shortages continue to place some limitations on Athletic transportation as well as requiring schedule shifts to some of our bus runs. In addition, finding substitutes for teacher absences continues to be extremely difficult. Staffing challenges have also required us to implement different service models for Custodial Services and Paraprofessionals in order to maintain consistent service levels in these areas, and implement a one-time retention/hiring bonus in FY 22-23 for these staffing categories. You will see the financial impact of these program changes and vacant positions in the financial statements below.

Utility costs have become increasingly volatile in the past year due in great part to reduced energy production combined with increased demand. Recent projections indicate that we might expect both propane and electricity to see double-digit cost increases during FY 22-23. A milder than normal winter has positively impacted our utilities expenditures. While we still expect an overall negative variance in

utilities at the end of FY 22-23, if current trends continue, we do not anticipate that the variance will be material in nature. Please see the notes that accompany our financial statements for more detailed information about variances by expenditure category.

Expenditures-Food Service Fund: Staffing challenges have led us to a different service model for our Food Service operations in FY 23. In order to maintain consistent service levels, we have extended the existing Food Service Management Services model previously utilized only at the JSHS, to the Elementary School as well. These changes have resulted in a reduction in salaries and benefits in our Food Services fund, but naturally, have resulted in a significant increase in our professional services lines as well. You will see the financial impact of these program changes and vacant positions in the Food Service Expenditures statement below.

Food Service operations have also been negatively impacted by shortfalls in food quantities, significant increases in costs, and a lack of availability of certain foods. To address these challenges, the NH DOE has provided some supplemental grant funding in the form of ***Supply Chain Assistance (SCA)*** grants for both FY 2022 and FY 2023. Please see the revenues section of this report for more information on this funding. These SCA funds can be used to purchase minimally-processed foods and our Food Service Management Company is working with us to ensure that we fully capitalize on this opportunity.

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

Local Revenues: USDA waivers that allowed us to serve free meals to all students in FY 22 have expired. Therefore, we expect to receive local food service revenues at near pre-COVID levels. We also anticipate a significant increase in unpaid student debt compared to unpaid student debt on FY 23. However, on a positive note, interest rates have significantly risen due to changes in federal lending rates resulting in a positive variance in our earnings on investments.

New England Dairy Council Grant: In November, we applied for a grant to purchase equipment that would allow us to expand our food service offerings for students and staff. If we win this award, we will purchase equipment to make smoothies and other drinkable blended beverages. The amount we requested from this grant is approximately \$1K, and awards are expected to be announced in the next few months.

State Revenues: For FY 23, the adequacy aid calculation has been revised by the State to include an Extraordinary Needs Grant component. This component of FY 23 adequacy aid was voted into law in July 2022 and will be a permanent feature of the adequacy aid formula under current law. The Extraordinary Needs Grant “decreases as property values in a community increase and free and reduced price number eligible students decrease.” Therefore, while it is likely that future amounts of Extraordinary Needs funding may decrease for Newmarket after FY 23, Newmarket did benefit from \$29,733 in FY 23 as part of our revised adequacy amount.

SAFE Grant: In Q1, we were advised that two of our four applications for safety and security improvements at our school under the Security Action for Education (SAFE) grant have been approved. These “early-decision award” projects total \$40K and the funding will come from the State’s Public School Infrastructure Grant. In December, we received notification that one additional SAFE grant project has been approved as well. This second award window resulted in an additional \$100K which will be used to upgrade our existing security system at both schools.

Federal Revenues: Due to several significant Federal awards related to COVID-19, we expect to see increased use of Federal revenues in FY 23. Please see ESSER II and ESSER III below for more details. 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 funds. We also have received unanticipated FEMA revenues in FY 23 under FEMA project DR 4516. Unlike ESSER funds, these FEMA funds stem from the reimbursement of expenditures made in FY 22 and are not offset by FY 23 expenditures. Therefore, we anticipate that any FEMA funds received in FY23 will be included as part of our unrestricted fund balance in June 2023 and used to offset our tax levy in FY 24. Please see FEMA Project DR 4516 below for more information.

National School Lunch Program (NSLP) Equipment Grant: We are also currently in the process of applying for another food service grant under the NSLP that would allow us to purchase commercial food processors for our schools. These units would allow us to offer foods like fresh-made hummus and salsas to our students. The application deadline for this grant is March 15, 2023 and award announcements are expected shortly after the deadline date.

Renew Americas Schools Grant (Department of Energy): In November, the US Government announced an \$80 million funding opportunity for energy improvements at public K-12 schools. This award is part of the bipartisan Infrastructure Law passed in the fall. In an effort to pursue grant funding to allow the district to complete the replacement of all windows at NES, we are in the process of applying for this award with an estimated award request of \$300K. The deadline for concept papers for this grant is January 26th and if the concept paper is approved, a full application must be submitted by April 21st. Awards are expected to be announced sometime during June - September 2023.

COVID-Related Expenditures and Revenues Update:

ESSER II: The Newmarket School District received notification of an additional grant allocation under ESSER II in the amount of \$658,396. This award includes the same eligible activities that were allowed under ESSER I but has been expanded to include some additional activities needed to address COVID-19, mental health expenses, and several other areas of need. As of this time, most ESSER II funds have been allocated for activities, leaving a balance of \$136K for several projects that are currently in process. **ESSER II funding can be used until 9/30/2023.**

ESSER III: The Newmarket School District has also received \$1,480,966 in ESSER III funding. At this time, \$393K of these funds remain unallocated. **These ESSER III funds can be used until 9/30/2024.**

FEMA Project DR 4516: In early 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. FEMA-eligible expenditures included costs for disinfection services, disinfecting solution and physical barriers (desk dividers, etc.) that we purchased for use in our buildings in FY 21 and FY 22. In FY 22, the Newmarket School District received \$386,203 in FEMA reimbursements under this project. We have received \$103,373 in Q1 of FY 23, but do not anticipate any further revenues from FEMA DR 4516 beyond this point.

Respectfully Submitted, Janna Mellon, Business Administrator

**Newmarket School District
Financial Statements as of 12/31/2022**

Expenditures by Category- General Fund	Original Total Budget, as Voted	Adjustments for Encumbrances and Unanticipated Revenues*	Total Budget	YTD Activity	Encumbrances	Variance Favorable (Unfavorable)	% Remaining
Salaries							
Administrator	\$1,400,650	\$60,796	\$1,461,446	\$780,126	\$756,695	-\$75,376	
Administrative Support	\$531,710	\$0	\$531,710	\$278,230	\$246,954	\$6,526	
Professional	\$7,126,183	\$279,469	\$7,405,652	\$2,655,987	\$4,612,511	\$137,154	
Paraprofessionals, Tutors & Monitors	\$1,338,414	\$0	\$1,338,414	\$427,167	\$610,311	\$300,936	
Other Educational	\$293,437	\$0	\$293,437	\$63,447	\$3,963	\$226,027	
Facilities	\$242,635	\$0	\$242,635	\$91,348	\$108,998	\$42,289	
Other Non-Instructional	\$225,288	\$0	\$225,288	\$126,304	\$110,600	-\$11,616	
Total Salaries	\$11,158,316	\$340,265	\$11,498,582	\$4,422,609	\$6,450,033	\$625,939	5.44%
Benefits							
FICA	\$874,070	\$26,030	\$900,101	\$324,662	\$470,338	\$105,101	
NHRS	\$1,936,169	\$71,053	\$2,007,221	\$778,409	\$1,181,428	\$47,385	
Health/Dental Insurance	\$2,219,182	\$0	\$2,219,182	\$950,409	\$1,199,269	\$69,504	
Other Benefits	\$299,131	\$578	\$299,709	\$63,804	\$0	\$235,905	
Total Benefits	\$5,328,552	\$97,661	\$5,426,213	\$2,117,284	\$2,851,035	\$457,894	8.44%
Operations							
Supplies	\$254,727	\$1,917	\$256,644	\$122,912	\$42,388	\$91,344	
Professional Services	\$2,693,996	\$51,460	\$2,745,456	\$1,028,557	\$1,539,029	\$177,870	
Software	\$227,511	\$0	\$227,511	\$193,963	\$11,745	\$21,803	
Textbooks	\$50,022	\$0	\$50,022	\$36,524	\$3,782	\$9,717	
Printing/Postage	\$48,042	\$0	\$48,042	\$6,224	\$13,388	\$28,431	
Equipment	\$224,938	\$720	\$225,658	\$187,787	\$37,765	\$105	
Furniture	\$33,542	\$60,972	\$94,514	\$73,917	\$80	\$20,517	
Tuition	\$833,924	\$0	\$833,924	\$547,156	\$385,049	-\$98,281	
Repairs & Maintenance	\$302,347	\$4,735	\$307,083	\$358,432	\$251,169	-\$302,518	
Professional Development	\$172,245	\$0	\$172,245	\$47,761	\$22,615	\$101,869	
Utilities/Fuel	\$432,470	\$0	\$432,470	\$129,729	\$320,571	-\$17,830	
Professional Dues & Fees	\$61,333	\$0	\$61,333	\$37,498	\$4,076	\$19,759	
Phones/Internet	\$37,440	\$0	\$37,440	\$15,872	\$22,295	-\$728	
Insurances and Other Operational Expenses	\$173,530	\$158,418	\$331,948	\$166,215	\$108,418	\$57,315	
Debt Service	\$2,099,013	\$0	\$2,099,013	\$1,441,760	\$657,253	\$0	
Total Operations	\$7,645,080	\$278,222	\$7,923,302	\$4,394,307	\$3,419,622	\$109,373	1.38%
Total Expenditures	\$24,131,948	\$716,149	\$24,848,097	\$10,934,200	\$12,720,690	\$1,193,207	4.80%

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

**Newmarket School District
Financial Statements as of 12/31/2022**

Additional Information Regarding Certain Expenditure Category Variances Shown Above:

Category	Variance	Notes
Salaries-Administrator	(\$75,376)	Salary “breakage” due to staff turnover and the shift of Athletic Director and ELO Coordinator positions from Professional to Administration.
Salaries-Professional	\$137,154	Unfilled vacancy and salary “breakage.”
Salaries-Paraprofessional, Tutors Salaries-Facilities	\$300,936 \$ 42,289	Staffing continues to be a challenge, and this is shown by the positive variances in these lines. To accommodate student needs, we have needed to work with contracted service providers for SPED staffing and Facilities staffing to maintain adequate service levels.
Salaries-Other Educational	\$226,027	Co-curricular Advisor salaries and coaching salaries have not been encumbered or paid yet as we still have vacancies in many of these positions. In addition, we have been able to leverage ESSER funding to cover long-term teacher absences, reducing our use of funding for substitutes.
Benefits (FICA, NHRS, Health/Dental)	\$557,656	These variances stem primarily from staffing vacancies and from co-curricular and other salaries and benefits that have not yet been expended in FY 22.
Repairs and Maintenance	(\$302,518)	\$300K of this negative variance stems from an encumbrance for the NES window replacement and the NES electrical upgrade projects, both of which are fully-funded via Capital Reserve funds. Upon completion of these projects, transfers will be requested from Capital Reserve Fund to the General Fund, offsetting the expenditures for these projects. The actual balance on this line, taking this CRF funding transfer into account, would be a negative variance of (\$3K).
Professional Services	\$177,870	Professional Services includes many areas of operations such as custodial services, student transportation, legal services, auditing services, Special Ed charter school related services and game officials. At this early point in the year, many of these services have not yet been expended. We anticipate that this category will be fully-expended by the end of the school year.
Professional Development	\$101,869	We anticipate that most of this funding will be utilized by the end of the FY 23 school year.
Tuition	(\$98,281)	Approx \$55K of this variance stems from an unanticipated Special Education placement out of district. The remainder stems from a higher level of student participation in our SST program coupled with a significant tuition increase for SST tuition rates.
Utilities/Fuel	(\$17,830)	Significant anticipated increases in fuel and electricity costs have led to a negative variance in this category. As we get further into the year, we will be better able to estimate the overall variance in this very volatile expenditure category.

**Newmarket School District
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Insurances and Other Operational Expenses	\$57,486	This variance includes a budgeted transfer to Food Service in the amount of \$40,000. However, since we ended FY 22 with a positive surplus balance in our Food Service account, we anticipate that we may not need to make a transfer to Food Service at the end of FY 23.
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**Newmarket School District
Financial Statements as of 12/31/2022**

Food Service Expenditures	Budget as Voted	Budget Adjustments*	Total Budget	YTD Activity	Encumbrances	Variance Favorable (Unfavorable)	% Remaining
Salaries							
Salaries	\$ 99,968	\$ -	\$ 99,968	\$ -	\$ -	\$ 99,968	100.0%
Total Salaries	\$ 99,968	\$ -	\$ 99,968	\$ -	\$ -	\$ 99,968	100.0%
Benefits							
FICA	\$ 7,670	\$ -	\$ 7,670	\$ -	\$ -	\$ 7,670	100.0%
NHRS	\$ 6,586	\$ -	\$ 6,586	\$ -	\$ -	\$ 6,586	100.0%
Health/Dental Insurance	\$ 9,975	\$ -	\$ 9,975	\$ -	\$ -	\$ 9,975	100.0%
Other Benefits	\$ 444	\$ -	\$ 444	\$ -	\$ -	\$ 444	100.0%
Total Benefits	\$ 24,676	\$ -	\$ 24,676	\$ -	\$ -	\$ 24,676	100.0%
Operations							
Supplies	\$ 77,300	\$ 13,380	\$ 90,680	\$ 12,489	\$ -	\$ 78,191	101.2%
Printing/Postage	\$ 250	\$ -	\$ 250	\$ -	\$ -	\$ 250	100.0%
Repairs & Maintenance	\$ 6,803	\$ -	\$ 6,803	\$ 2,121	\$ 1,000	\$ 3,682	54.1%
Professional Services	\$ 191,038	\$ -	\$ 191,038	\$ 177,269	\$ 200,950	\$ (187,180)	-98.0%
Professional Development	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ -	\$ 1,000	100.0%
Equipment	\$ -	\$ -	\$ -	\$ 3,250	\$ -	\$ (3,250)	0.0%
Professional Dues & Fees	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ -	\$ 1,000	100.0%
Total Operations	\$ 277,391	\$ 13,380	\$ 290,771	\$ 195,128	\$ 201,950	\$ (106,307)	-38.3%
Total Expenditures	\$ 402,034	\$ 13,380	\$ 415,414	\$ 195,128	\$ 201,950	\$ 18,337	4.6%

*Budget adjustments consist of unanticipated Supply Chain Assistance (SCA) expenditures, voted by the NSB 11/2/22. These adjustments were not part of the original budget as voted.

Additional Information Regarding Certain Expenditure Category Variances Shown Above:

Category	Variance	Notes
Salaries	\$99,968	Food Service Management has been outsourced in FY 23. No salaries/benefits will be expended in FY 23 due to the shift in our food service model.
Benefits	\$24,676	
Supplies	\$78,191	Budgeted amounts in these areas are now included in the professional services line. Supply expenditures also include expenditures under the Supply Chain Assistance grant, and these SCA expenditures will be fully offset by SCA revenues. See our Revenues section for more information. Food service management fees include all expenditures for food service operations. These amounts will not be expended in FY 23. See offsetting negative variance in the professional services line below.
Printing and Postage	\$ 250	
Professional Development	\$1,000	
Professional Dues & Fees	\$1,000	
Professional Services	(\$187,180)	This negative variance represents the shift to an outsourced service model at both schools. Professional Services includes all costs related to food service operations.

Newmarket School District Financial Statements as of 12/31/2022

Revenues	Total Budget 7/1/2022	YTD Activity	Variance (Negative Variance)	% Budgeted Revenues Received as of 12/31/22
Local Revenues				
District Assessment	\$ 19,918,778	\$ 12,590,145	\$ (7,328,633)	63%
Tuition From Others	\$ 5,000	\$ 22,987	\$ 17,987	460%
Earnings on Investments-GF	\$ 2,500	\$ 23,356	\$ 20,856	934%
Other Local Revenue	\$ 25,000	\$ 2,114	\$ (22,886)	8%
Food Service Revenues	\$ 180,000	\$ 109,530	\$ (70,470)	61%
Total Local Revenues	\$ 20,131,278	\$ 12,748,133	\$ (7,383,145)	63%
State Revenues				
Adequacy Aid	\$ 3,007,158	\$ 1,227,086	\$ (1,780,072)	41%
State Education Tax	\$ 1,407,023	\$ 820,763	\$ (586,260)	58%
Other State Aid	\$ 9,000	\$ 144,620	\$ 135,620	1607%
FEMA	\$ -	\$ 103,373	\$ 103,373	
Vocational Transportation Aid	\$ 9,500	\$ 14,326	\$ 4,826	151%
Special Education Aid	\$ 162,950	\$ 505,960	\$ 343,010	310%
Child Nutrition-State Breakfast	\$ 5,000	\$ 124	\$ (4,876)	2%
Total State Revenues	\$ 4,600,631	\$ 2,816,252	\$ (1,784,379)	61%
Federal Revenues** Federal Grants				
Title IA	\$ 144,010	\$ 47,207	\$ (96,804)	33%
Title IIA	\$ 46,050	\$ 1,800	\$ (44,250)	4%
IDEA and Preschool	\$ 322,930	\$ 102,428	\$ (220,502)	32%
Title IVA	\$ 11,219	\$ 6,364	\$ (4,855)	57%
ESSER CARES	\$ 1,239,196	\$ 258,317	\$ (980,879)	21%
Supply Chain Grant-Food Service	\$ 13,380	\$ 13,380	\$ 0	100%
Federal-Child Nutrition	\$ 130,000	\$ 28,728	\$ (101,272)	22%
SAFE Grants	\$ 39,820	\$ -	\$ (39,820)	0%
Federal-Medicaid	\$ 110,000	\$ 37,542	\$ (72,458)	34%
Total Federal Revenues	\$ 2,056,606	\$ 495,766	\$ (1,560,840)	24%
Total Revenues	\$ 26,788,515	\$ 16,060,151	\$ (10,728,364)	60%

Other Revenues	Total Budget 7/1/2022	YTD Activity	Variance (Negative Variance)	% Budgeted Revenues Received as of 9/30/22
Transfer to Trust Funds from GF (WA #4 &5)	\$ 50,000	\$ 50,000	\$ -	100%
Local Grants	\$ 30,437	\$ 4,250	\$ (26,187)	14%
Interest Trust Funds	\$ -	\$ 699	\$ 699	
Interest Bond Fund	\$ -	\$ 1,960	\$ 1,960	
Transfers from Capital Reserve Funds to GF	\$ -	\$ 160,820	\$ 160,820	
Total Revenues-All Funds	\$ 26,868,952	\$ 16,277,880	\$ (10,591,072)	

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