



**School Administrative Unit #31
Newmarket School District**
186A Main Street, Newmarket, NH 03857
(603) 659-5020 Fax (603) 659-5022
www.newmarket.k12.nh.us



Todd Allen
Superintendent of Schools

Patricia Wons
*Director of CIA &
Professional Learning*

Janna Mellon
Business Administrator

Erica MacNeil
Student Services

Date: April 13, 2023
To: Todd Allen, Superintendent
cc: Newmarket School Board
Subject: Quarter 3 FY 2022-2023, Financial Report of the Business Administrator

FY 2022-2023: Quarter 3, Financial Report-General Fund:

Expenditure reports for Quarter 3 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. While most anticipated expenditures have been encumbered at this point in the year, we do expect to expend some additional funds on 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, 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. As you know, in an effort to attract employees in this challenging job market, we implemented a one-time retention/hiring bonus in FY 23 for these staffing categories. This program concluded as of April 1, 2023 and definitely helped us attract some new employees. The total salary cost of this one-time bonus program amounted to \$48,460. You will see the financial impact of this program as well as the total impacts of staff vacancies throughout the year 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. A milder than normal winter has positively impacted our utilities expenditure projections, and we are not anticipating significant budget overruns in this area. While we still expect an overall negative variance in utilities at the end of FY 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. These SCA funds can be used to purchase minimally-processed foods and while we have exhausted our FY 22 allocation of SCA funds, we recently received an additional \$25K for FY 23 just after the close of Q3. You will see this newest allocation reflected in our Q4 financials.

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 expected to receive local food service revenues at near pre-COVID levels. We are happy to report that we have exceeded our local food service revenue budget as of the end of Q3 and estimate total local food service revenues will exceed budgeted revenues by approximately 30% for FY 23. 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. We are pleased to announce that we were awarded the funding to implement a “smoothie” blended drink program for our students. Early response to this new food option has been very positive and we continue to look for additional ways to use this equipment to expand food options for students.

State Revenues: For FY 23, the adequacy aid calculation was 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: “Early-decision award” projects total \$40K have been received and work is scheduled to begin on these projects during April 2023. In December, we received a second award of \$100K which will be used to upgrade our existing security system at both schools. We have already

conducted an RFQ and an RFP process for this project. ***Funds must be fully obligated for this project by June 30, 2023.*** Please note that the attached financial statements include only the early decision award funding. Due to the timing of this additional funding, the second award will be reflected in our end-of year financials, but are not reflected in Q3.

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.

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 was March 15, 2023 and award announcements are still pending as of the date of this report.

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 allow the district to complete our ongoing project to replace of all windows at NES, we submitted a concept paper, the first step in the application process for this grant. Unfortunately, we were advised that our concept paper application was assigned a rating of “Discouraged to Apply.” Since we were unable to use grant funding for this project, we plan to review other funding options for this project as we look to budget for FY 24-25.

COVID-Related Expenditures and Revenues Update:

ESSER II: The Newmarket School District received a 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 approximately \$94K as of the writing of this report.

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, \$448K of these funds remain unallocated. **These ESSER III funds can be used until 9/30/2024.**

FEMA Project DR 4516: Our revenues statement reflects the last and final reimbursement for FEMA-eligible expenditures including costs for disinfection services, disinfecting solution and physical barriers (desk dividers, etc.) 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 3/31/2023

<i>Expenditures by Category- General Fund</i>	Original Total Budget, as Voted	Adjustments for Encumbrances and Unanticipated Revenues*	Total Budget	YTD Activity	Encumbrances	Variance Favorable (Unfavorable)	% Remaining
<i>Salaries</i>							
Administrator	\$1,400,650	\$0	\$1,461,446	\$1,187,578	\$349,244	-\$75,376	
Administrative Support	\$531,710	\$0	\$531,710	\$410,693	\$111,642	\$9,375	
Professional	\$7,126,183	\$0	\$7,405,652	\$4,644,756	\$2,598,887	\$162,009	
Paraprofessionals, Tutors & Monitors	\$1,338,414	\$4,735	\$1,338,414	\$720,258	\$324,616	\$293,539	
Other Educational	\$293,437	\$60,972	\$293,437	\$111,347	\$3,030	\$179,059	
Facilities	\$242,635	\$720	\$242,635	\$147,112	\$60,302	\$35,220	
Other Non-Instructional	\$225,288	\$0	\$225,288	\$198,649	\$50,607	-\$23,968	
Total Salaries	\$11,158,316	\$66,427	\$11,498,582	\$7,420,393	\$3,498,329	\$579,859	5.04%
<i>Benefits</i>							
FICA	\$874,070	\$279,469	\$900,101	\$540,951	\$257,820	\$101,329	
NHRS	\$1,936,169	\$0	\$2,007,221	\$1,316,126	\$642,530	\$48,565	
Health/Dental Insurance	\$2,219,182	\$0	\$2,219,182	\$1,632,419	\$505,965	\$80,798	
Other Benefits	\$299,131	\$26,030	\$299,709	\$68,213	\$0	\$231,496	
Total Benefits	\$5,328,552	\$305,500	\$5,426,213	\$3,557,709	\$1,406,316	\$462,188	8.52%
<i>Operations</i>							
Supplies	\$254,727	\$0	\$256,644	\$166,297	\$40,419	\$49,927	
Professional Services	\$2,693,996	\$51,460	\$2,745,456	\$1,672,343	\$1,043,052	\$30,061	
Software	\$227,511	\$0	\$227,511	\$204,875	\$7,413	\$15,223	
Textbooks	\$50,022	\$0	\$50,022	\$46,356	\$8,326	-\$4,660	
Printing/Postage	\$48,042	\$0	\$48,042	\$19,240	\$4,644	\$24,158	
Equipment	\$224,938	\$0	\$225,658	\$216,091	\$24,424	-\$14,857	
Furniture	\$33,542	\$0	\$94,514	\$75,809	\$2,714	\$15,991	
Tuition	\$833,924	\$158,418	\$833,924	\$749,544	\$192,492	-\$108,112	
Repairs & Maintenance	\$302,347	\$0	\$307,083	\$393,519	\$233,504	-\$319,940	
Professional Development	\$172,245	\$578	\$172,245	\$69,083	\$15,033	\$88,129	
Utilities/Fuel	\$432,470	\$0	\$432,470	\$297,336	\$136,981	-\$1,847	
Professional Dues & Fees	\$61,333	\$1,917	\$61,333	\$42,738	\$4,078	\$14,517	
Phones/Internet	\$37,440	\$71,053	\$37,440	\$24,235	\$13,932	-\$728	
Insurances and Other Operational Expenses	\$173,530	\$0	\$331,948	\$166,215	\$108,418	\$57,315	
Debt Service	\$2,099,013	\$60,796	\$2,099,013	\$2,099,013	\$0	\$0	
Total Operations	\$7,645,080	\$344,222	\$7,923,302	\$6,242,694	\$1,835,431	-\$154,823	-1.95%
Total Expenditures	\$24,131,948	\$716,149	\$24,848,097	\$17,220,797	\$6,740,076	\$887,224	3.57%

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 3/31/2023**

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	\$162,009	This variance is due to employees who have requested to take unpaid time for medical and/or child rearing purposes. Even though we budgeted for full- year positions, these employees will not be paid the full budgeted amount during 22-23.
Salaries-Paraprofessional, Tutors Salaries-Facilities	\$293,539 \$ 35,220	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	\$179,059	Co-curricular Advisor and coaching salaries have not been fully encumbered or paid yet as all contracts were not issued before 3/31/23. In addition, we have been able to leverage ESSER funding to cover long-term teacher absences, reducing our use of funding for substitutes. We anticipate ending the year with approximately \$100K remaining.
Salaries- Other Non-Instructional	(\$23,968)	This variance stems from a Summer Technology position that was extended into a full-time temporary IT position for FY 23. This shift actually represents an overall savings for the district as we have reallocated funding originally planned for outsourced consultant services. This model has been so productive for the district that we have budgeted to make this change permanent in FY 24, reducing our need for outsourced IT services.
Benefits (FICA, NHRS, Health/Dental)	\$230,692	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.
Tuition	(\$108,112)	Approx \$55K of this variance stems from an unanticipated Special Education placement out of district. The remainder stems from a higher level of student participation in our SST program coupled with a significant tuition increase for SST tuition rates.
Repairs and Maintenance	(\$319,940)	\$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.
Professional Development	\$88,129	We anticipate that most of this funding will be utilized by the end of the FY 23 school year.
Insurances and Other Operational Expenses	\$57,315	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.

**Newmarket School District
Financial Statements as of 3/31/2023**

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	\$ 99,968	100.0%
Total Salaries	\$ 99,968	\$ 99,968	\$ -	\$ -	\$ 99,968	\$ 99,968	100.0%
Benefits							
FICA	\$ 7,670	\$ 7,670	\$ -	\$ -	\$ 7,670	\$ 7,670	100.0%
NHRS	\$ 6,586	\$ 6,586	\$ -	\$ -	\$ 6,586	\$ 6,586	100.0%
Health/Dental Insurance	\$ 9,975	\$ 9,975	\$ -	\$ -	\$ 9,975	\$ 9,975	100.0%
Other Benefits	\$ 444	\$ 444	\$ -	\$ -	\$ 444	\$ 444	100.0%
Total Benefits	\$ 24,676	\$ 24,676	\$ -	\$ -	\$ 24,676	\$ 24,676	100.0%
Operations							
Supplies	\$ 77,300	\$ 90,680	\$ 13,632	\$ -	\$ 77,048	\$ 78,191	101.2%
Printing/Postage	\$ 250	\$ 250	\$ -	\$ -	\$ 250	\$ 250	100.0%
Repairs & Maintenance	\$ 6,803	\$ 6,803	\$ 2,577	\$ 2,044	\$ 2,182	\$ 3,682	54.1%
Professional Services	\$ 191,038	\$ 191,038	\$ 289,591	\$ 88,627	\$ (187,180)	\$ (187,180)	-98.0%
Professional Development	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ 1,000	\$ 1,000	100.0%
Equipment	\$ -	\$ 884	\$ 3,237	\$ -	\$ (2,353)	\$ (3,250)	0.0%
Professional Dues & Fees	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ 1,000	\$ 1,000	100.0%
Total Operations	\$ 277,391	\$ 291,655	\$ 309,037	\$ 90,671	\$ (108,053)	\$ (106,307)	-38.3%
Total Expenditures	\$ 402,034	\$ 416,298	\$ 309,037	\$ 90,671	\$ 16,591	\$ 18,337	4.6%

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	

**Newmarket School District
Financial Statements as of 3/31/2023**

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 3/31/2023

Revenues	Total Budget 7/1/2022	YTD Activity	Variance (Negative Variance)	% Budgeted Revenues Received as of 3/31/23
Local Revenues				
District Assessment	\$ 19,918,778	\$ 15,439,040	\$ (4,479,738)	78%
Tuition From Others	\$ 5,000	\$ 40,722	\$ 35,722	814%
Earnings on Investments-GF	\$ 2,500	\$ 55,119	\$ 52,619	2205%
Other Local Revenue	\$ 25,000	\$ 3,397	\$ (21,603)	14%
Food Service Revenues	\$ 180,000	\$ 186,565	\$ 6,565	104%
Total Local Revenues	\$ 20,131,278	\$ 15,724,843	\$ (4,406,435)	78%
State Revenues				
Adequacy Aid	\$ 3,007,158	\$ 2,147,401	\$ (859,757)	71%
State Education Tax	\$ 1,407,023	\$ 1,055,267	\$ (351,756)	75%
Other State Aid	\$ 9,000	\$ 144,620	\$ 135,620	1607%
FEMA	\$ -	\$ 107,896	\$ 107,896	
Vocational Transportation Aid	\$ 9,500	\$ 14,326	\$ 4,826	151%
Special Education Aid	\$ 162,950	\$ 505,960	\$ 343,010	310%
Child Nutrition-State Breakfast	\$ 5,000	\$ 5,592	\$ 592	112%
Total State Revenues	\$ 4,600,631	\$ 3,981,061	\$ (619,570)	87%
Federal Revenues** Federal Grants				
Title IA	\$ 158,815	\$ 87,713	\$ (71,101)	55%
Title IIA	\$ 46,050	\$ 16,347	\$ (29,703)	35%
IDEA and Preschool	\$ 322,930	\$ 198,629	\$ (124,301)	62%
Title IVA	\$ 29,881	\$ 11,160	\$ (18,721)	37%
ESSER CARES	\$ 1,281,760	\$ 392,150	\$ (889,610)	31%
Supply Chain Grant-Food Service	\$ 13,380	\$ 13,380	\$ 0	100%
Federal-Child Nutrition	\$ 130,000	\$ 89,096	\$ (40,904)	69%
SAFE Grants	\$ 39,820	\$ -	\$ (39,820)	0%
Federal-Medicaid	\$ 110,000	\$ 54,769	\$ (55,231)	50%
Total Federal Revenues	\$ 2,132,636	\$ 863,244	\$ (1,269,391)	40%
Total Revenues	\$ 26,864,545	\$ 20,569,148	\$ (6,295,396)	77%

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	\$ 36,745	\$ 26,097	\$ (10,649)	71%
Interest Trust Funds	\$ -	\$ 1,082	\$ 1,082	
Interest Bond Fund	\$ -	\$ 4,101	\$ 4,101	
Transfers from Capital Reserve Funds to GF	\$ -	\$ 160,820	\$ 160,820	
Total Revenues-All Funds	\$ 26,951,290	\$ 20,811,247	\$ (6,140,043)	

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

**Newmarket School District
Financial Statements as of 3/31/2023**

Additional Information Regarding Certain Revenue Category Variances Shown Above:

Category	Variance	Notes
Tuition from Others	\$35,772	This variance stems from two mid-year placements from other local school districts. These sending districts have agreed to pay tuition for the remainder of the 22-23 school year for these placements.
Earnings on Investments	\$52,619	This positive variance is due to interest rates increased by the Federal Reserve in response to inflation.
Food Service Revenues	\$ 6,565	We have already exceeded our budgeted food service revenues for 22-23. This is due to increased meal prices, additional food sales for à la carte items to students and slightly increased participation from our pre-COVID student participation rates.
Other State Aid	\$135,620	This amount is primarily due to the one-time NHRS contribution of 7.5% for teachers. Unless memorialized in legislation before the end of the year, this state revenue will not repeat in future years.
FEMA	\$107,896	We held a public hearing to accept and expend this unanticipated revenue. However, it is likely that we will not need to expend this revenue in 22-23 and therefore, it would become an offset to taxes in 23-24.
Special Education Aid	\$343,010	This positive variance stems from additional state aid related to costs expended for Special Education students in excess of 3 ½ times the estimated state average expenditure per pupil in 21-22. This is a retroactive reimbursement of Special Education costs expended in 21-22.