

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

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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Adverse and Unmodified Opinions

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the New Boston School District, as of June 30, 2022, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and aggregate remaining fund information of the New Boston School District as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the New Boston School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 12-B to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the assets, liabilities, decrease the net position, and increase the expenses of the governmental activities. The amount by which this departure would affect the assets, liabilities, net position, and expenses on the governmental activities has not been determined.

***New Boston School District
Independent Auditor's Report***

Responsibilities of Management for the Financial Statements

The New Boston School District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the New Boston School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the New Boston School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the New Boston School District's ability to continue as a going concern for a reasonable period of time.

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

Change in Accounting Principle

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

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

- Management's Discussion and Analysis,
- Schedule of the School District's Proportionate Share of Net Pension Liability,
- Schedule of School District Contributions – Pensions,
- Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability,
- Schedule of School District Contributions – Other Postemployment Benefits, 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

***New Boston School District
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management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New Boston 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 combining and individual fund schedules 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

January 23, 2023
Concord, New Hampshire

*Plodzik & Sanderson
Professional Association*

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the New Boston School District ("District"), we offer readers of the District's Financial Statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

1. Financial Highlights

- The assets and deferred outflow of resources of the District fell short of its liabilities and deferred inflows of resources at the close of the most recent year by \$(2,477,658) (*net position*). Of this amount, (\$3,709,671) (*unrestricted net position*), had it been positive, may have been used to meet the government's ongoing obligations to citizens and creditors. The negative unrestricted net position is attributable to the reporting of the District's proportional share of the actuarially determined retirement system's unfunded pension liability less the system's net position ("net pension liability"). Reporting the District's proportional share of the net pension liability does not impact the District's ability to meet its current obligations.
- The District's total net position changed by \$479,614 (\$2,957,272 in FY 21).
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,489,759, a change of \$331,264 in comparison with the prior year \$2,158,495.
- At the end of the current fiscal year, the District had \$1,128,091 remaining in unassigned fund balance. This money is available for spending at the District Town Meeting's discretion or for tax relief. In addition, \$625,000 has been assigned and retained for contingency in accordance with RSA 198:4-bII.
- Per GASB Statement Nos 68 and 71, the District is required to record its related share of net pension liability of the New Hampshire Retirement System. The net pension liability is the District's proportionate share of the retirement system's actuarially determined unfunded pension liability less the system's net position. This amount is reported only on the government-wide financial statements and has no impact on the fund financial statements of the District. At the end of the most recent year, our net pension liability is \$5,222,776.

2. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements.

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the items reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event

giving rise to the change occurs, *regardless of the time of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The governmental activities of the District include administration, instruction, support services, operations and maintenance, transportation, and non-instructional services.

Fund Financial Statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental Funds. *Governmental Funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented to *government funds* with similar information presented for *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The District maintains four individual governmental funds. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the other three funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general, food service, and grants funds. A budgetary comparison statement has been provided for the major general fund to demonstrate compliance with this budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* that is required to be disclosed by accounting principles generally accepted in the United States of America which includes this management discussion and analysis, the Schedule of School District's Proportioned share of Net Pension Liability, Schedule of School District Contributions – Pensions, Schedule of the District's Proportionate Share of the Net Other Postemployment Benefits Liability, Schedule of the District Contributions – Other Postemployment Benefits. Other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. This includes the combining and individual fund schedules.

3. Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the District, assets and deferred outflows of resources fell short of the liabilities and deferred inflows of resources by \$2,477,658 at the close of the most recent fiscal year.

The largest portion of the District's net position \$1,127,623, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment and furnishings), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following is a summary of condensed statement of net position and statement of activities for government-wide financial data for the current and prior fiscal years.

New Boston School District's Condensed Statement of Net Position

Summary of Net Position Governmental Activities			
	2022	2021	% Change 2021-2022
Current and Other Assets	\$3,846,003	\$ 2,543,888	51.19%
Capital Assets	1,154,440	1,228,303	-6.01%
Total Assets	<u>5,000,443</u>	<u>3,772,191</u>	32.56%
Deferred Outflows of Resources	1,502,405	2,205,959	-31.89%
Long-Term Liabilities Outstanding	5,901,515	8,454,052	-30.19%
Other Liabilities	333,842	374,844	-10.94%
Total Liabilities	<u>6,235,357</u>	<u>8,828,896</u>	-29.38%
Deferred Inflows of Resources	2,745,149	106,526	2476.98%
Net Investment in Capital Assets	1,127,623	1,212,718	-7.02%
Restricted Net Position	104,390	10,962	852.29%
Unrestricted Net Position	(3,709,671)	(4,180,952)	-11.27%
Total Net Position	<u>\$ (2,477,658)</u>	<u>\$ (2,957,272)</u>	<u>-16.22%</u>

Summary of Changes in Net Position
Governmental Activities

	2022 Amount	2021 Amount	\$ Difference	% Difference
Revenues:				
Program Revenue:				
Charges for Services	\$ 12,492	\$ 10,064	\$ 2,428	19.44%
Operating Grants and Contributions	591,200	733,762	(142,562)	-24.11%
General Revenue:				
School District Assessment	11,199,668	10,621,468	578,200	5.16%
Unrestricted Grants	4,497,031	5,304,153	(807,122)	-17.95%
Miscellaneous & Interest	130,499	66,442	64,057	49.09%
Total Revenues	<u>16,430,890</u>	<u>16,735,889</u>	<u>(304,999)</u>	<u>-1.86%</u>
Expenses:				
Instruction	\$ 12,565,388	\$ 13,144,511	\$ (579,123)	-4.61%
Support Services:				
Student	593,071	771,027	(177,956)	-30.01%
Instructional Staff	219,096	251,696	(32,600)	-14.88%
General Administration	38,035	61,818	(23,783)	-62.53%
Executive Administration	488,769	502,269	(13,500)	-2.76%
School Administration	520,448	560,981	(40,533)	-7.79%
Operation and Maintenance of Plant	557,814	687,887	(130,073)	-23.32%
Student Transportation	739,326	629,750	109,576	14.82%
Noninstructional Services	229,329	123,787	105,542	46.02%
Total Expenses	<u>15,951,276</u>	<u>16,733,726</u>	<u>(782,450)</u>	<u>-4.91%</u>
Change in Net Position	479,614	2,163	477,451	99.55%
Net Position, beginning	(2,957,272)	(2,959,435)	2,163	-0.07%
Net Position, ending	<u>\$ (2,477,658)</u>	<u>\$ (2,957,272)</u>	<u>\$ 479,614</u>	<u>-19.36%</u>

Governmental Activities. As noted above, governmental activities net position changed by \$479,614. Key elements of this change are as follows:

Governmental Activities:

Total net change in governmental funds fund balance:	
General Fund	\$ 232,903
Other Governmental Funds	98,361
	<u>331,264</u>
Depreciation expense, net of capital asset additions	(73,863)
Change in notes payable	(11,232)
Change in accrued interest payable	583
Change in compensated absences	(107,500)
Change in net pension liability, net of deferred resources	301,586
Change in net OPEB liability, net of deferred resources	38,776
	<u>38,776</u>
Total net change	<u>\$ 479,614</u>

4. Financial Analysis of the Government's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end for the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2,489,759, which is a change of \$331,264 (\$2,158,495 in FY21) in comparison with the prior year. Key elements of this change are as follows:

Governmental Funds:

General Fund	\$ 2,336,614
Other Governmental Funds:	
Food Service Fund	104,390
Student Activity Funds	48,755
	<u>153,145</u>
Total	<u>\$ 2,489,759</u>

5. General Fund Budgetary Highlights

The general fund is what most people think of as "the budget" since it is the fiscal point of the First Session of Annual Meeting (Deliberative) and largely supported by locally raised taxes. The general fund ended the fiscal year with an unassigned fund balance of \$1,753,091 of which \$1,128,091 will be returned to the taxpayers in 2022-2023 and \$625,000 will be retained in accordance with RSA 198:4-bII.

COMMENTS ON GENERAL FUND BUDGET COMPARISONS (SEE EXHIBIT D-1)

- General fund actual revenues totaling \$15,841,349 exceeded budgeted revenues by \$19,690 (.1%)
 - **Local sources** totaling \$105,005 exceeded budget by \$15,045 due to a combination of over collection of tuition revenue and under estimation of local revenue sources.
 - **State sources** totaling \$4,530,782 exceeded budget by \$8,751 this amount is attributed to state revenues being slightly higher than expected.
 - **Federal sources** totaling \$5,894 fell short of budget by \$4,106 due to less than expected Medicaid reimbursements.

- General fund expenditures totaling \$15,678,304 were less than appropriation totaling \$17,160,378 by \$1,482,074.
 - **Instruction** totaling \$12,470,764 was below budget by \$1,117,072 primarily due to under expenditures in tuition charges to the Goffstown School District, as well as lower salary and benefits costs at New Boston Central School due to the COVID-19 pandemic.
 - **Student Transportation** totaling \$739,326 was lower than the budget of \$942,311 by \$202,985. This was a result of combining bus routes due to driver shortages.
 - **Support Services- Student** totaling \$604,483 was lower than the budget amount of \$743,225 with a variance of \$138,742. This variance is largely attributed to changes in student support needs, and challenges filling paraprofessional vacancies.

6. Capital Asset and Debt Administration

Capital Assets. The District’s investment in capital assets for its governmental activities as of June 30, 2022, amounted to \$1,154,440 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, machinery and equipment, and furnishings. The total change in the District’s investment in total capital assets for the current year was \$73,863 as evidenced below:

Capital Assets at Year End
Governmental Activities

	June 30, 2022	June 30, 2021	% Change 2021-2022
Land	\$ 6,770	\$ 6,770	0.00%
Buildings & Building Improvements	4,255,772	4,255,772	0.00%
Machinery, Equipment & Furnishings	129,342	129,342	0.00%
Less: Accumulated Depreciation	(3,237,444)	(3,163,581)	2.33%
Total	\$ 1,154,440	\$ 1,228,303	-6.01%

Depreciation Expense \$ (73,863)

Additional information on the District’s capital assets can be found in the notes to the financial statements at Note 5.

Long-Term Debt

The table below illustrates the long-term debt of the District as of June 30, 2022. The compensated balances were calculated on vacation days and retirement stipend days for all eligible employees for compensation at retirement. In accordance with GASB 68, the calculated value of the unfunded state retirement to the District for FY 2022 is noted, Note 10.

	June 30, 2022	June 30, 2021	% Change 2021-2022
Compensated Absences	\$ 197,500	\$ 90,000	-54.43%
Notes Payable	26,817	15,585	-41.88%
Pension Related Liability	5,222,776	7,836,085	50.04%
Net Other postemployment benefits liability	454,422	512,382	12.75%
Total	<u>\$ 5,901,515</u>	<u>\$ 8,454,052</u>	<u>43.25%</u>

Future Budgetary Implications

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

- o Estimating revenues and expenditures for the Grants Fund remains challenging. In FY 22 for example, the District budgeted \$110,000, yet received and expended \$229,285 in mostly federal grants. The District anticipates additional funding from ESSER II and ESSER III grant funds through FY 24-25.
- o The financial impact of COVID -19 remains a challenge in terms of expenses and revenues. The budget for fiscal year 2022-23 does not include COVID-19 related expenses. State adequacy grants are based on student attendance, free and reduced meal counts and a variety of other factors that are directly impacted by the pandemic.
- o The State shifting cost responsibilities to local governments may have an impact on taxation calculation.
- o The unassigned Fund Balance established in this audit is intended to be returned at tax rate setting in November.
- o Future budgets will continue to be developed based on actual expenditures in prior years, in particular reviewing salary and benefits. Additionally, a more accurate approach to revenues is be implemented focusing on funding derived from tuitions and other local sources.

7. Request for Information

This financial report is designed to provide a general overview of the District’s financing for all those with an interest in the District’s finances. Questions, concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, C/O SAU#19, 11 School Street, Goffstown, New Hampshire 03045.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,262,061
Other receivables	7,957
Intergovernmental receivable	565,809
Inventory	6,099
Prepaid items	4,077
Capital assets, not being depreciated	6,770
Capital assets, net of accumulated depreciation	1,147,670
Total assets	5,000,443
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	1,452,918
Amounts related to other postemployment benefits	49,487
Total deferred outflows of resources	1,502,405
LIABILITIES	
Accounts payable	107,719
Accrued salaries and benefits	31,287
Intergovernmental payable	194,836
Noncurrent obligations:	
Due within one year	13,408
Due in more than one year	5,888,107
Total liabilities	6,235,357
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - assessment	1,000,000
Unavailable revenue - grants	22,402
Amounts related to pensions	1,716,844
Amounts related to other postemployment benefits	5,903
Total deferred inflows of resources	2,745,149
NET POSITION	
Net investment in capital assets	1,127,623
Restricted	104,390
Unrestricted	(3,709,671)
Total net position	\$ (2,477,658)

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

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

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 12,565,388	\$ 49,510	\$ 247,134	\$ (12,268,744)
Support services:				
Student	593,071	-	5,956	(587,115)
Instructional staff	219,096	-	1,872	(217,224)
General administration	38,035	-	-	(38,035)
Executive administration	488,769	-	-	(488,769)
School administration	520,448	-	10,469	(509,979)
Operation and maintenance of plant	557,814	-	3,500	(554,314)
Student transportation	739,326	-	-	(739,326)
Noninstructional services	229,329	432	322,269	93,372
Total governmental activities	<u>\$ 15,951,276</u>	<u>\$ 49,942</u>	<u>\$ 591,200</u>	<u>(15,310,134)</u>
General revenues and contributions:				
School district assessment				11,199,668
Grants and contributions not restricted to specific programs				4,497,031
Interest				5,066
Miscellaneous				87,983
Total general revenues and contributions				<u>15,789,748</u>
Change in net position				479,614
Net position, beginning				(2,957,272)
Net position, ending				<u>\$ (2,477,658)</u>

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

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

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,176,472	\$ 85,589	\$ 3,262,061
Receivables:			
Accounts	7,875	82	7,957
Intergovernmental	430,166	135,643	565,809
Interfund receivables	24,852	-	24,852
Inventory	6,099	-	6,099
Prepaid items	4,077	-	4,077
Total assets	<u>\$ 3,649,541</u>	<u>\$ 221,314</u>	<u>\$ 3,870,855</u>
LIABILITIES			
Accounts payable	\$ 87,558	\$ 20,161	\$ 107,719
Accrued salaries and benefits	30,533	754	31,287
Intergovernmental payable	194,836	-	194,836
Interfund payable	-	24,852	24,852
Total liabilities	<u>312,927</u>	<u>45,767</u>	<u>358,694</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - assessment	1,000,000	-	1,000,000
Unavailable revenue - grants	-	22,402	22,402
Total deferred inflows of resources	<u>1,000,000</u>	<u>22,402</u>	<u>1,022,402</u>
FUND BALANCES			
Nonspendable	10,176	-	10,176
Restricted	-	104,390	104,390
Committed	480,001	-	480,001
Assigned	718,346	48,755	767,101
Unassigned	1,128,091	-	1,128,091
Total fund balances	<u>2,336,614</u>	<u>153,145</u>	<u>2,489,759</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,649,541</u>	<u>\$ 221,314</u>	<u>\$ 3,870,855</u>

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

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

Total fund balances of governmental funds (Exhibit C-1)		\$ 2,489,759
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	\$ 4,391,884	
Less accumulated depreciation	<u>(3,237,444)</u>	1,154,440
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	\$ 1,452,918	
Deferred inflows of resources related to pensions	(1,716,844)	
Deferred outflows of resources related to OPEB	49,487	
Deferred inflows of resources related to OPEB	<u>(5,903)</u>	(220,342)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (24,852)	
Payables	<u>24,852</u>	-
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Notes	\$ 26,817	
Compensated absences	197,500	
Net pension liability	5,222,776	
Other postemployment benefits	<u>454,422</u>	(5,901,515)
Net position of governmental activities (Exhibit A)		<u><u>\$ (2,477,658)</u></u>

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

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

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
School district assessment	\$11,199,668	\$ -	\$11,199,668
Other local	105,053	41,548	146,601
State	4,530,782	7,951	4,538,733
Federal	5,894	539,994	545,888
Total revenues	<u>15,841,397</u>	<u>589,493</u>	<u>16,430,890</u>
EXPENDITURES			
Current:			
Instruction	12,458,078	240,006	12,698,084
Support services:			
Student	608,483	5,956	614,439
Instructional staff	227,617	1,872	229,489
General administration	38,035	-	38,035
Executive administration	516,836	-	516,836
School administration	513,588	10,469	524,057
Operation and maintenance of plant	506,531	3,500	510,031
Student transportation	739,326	-	739,326
Noninstructional services	-	229,329	229,329
Total expenditures	<u>15,608,494</u>	<u>491,132</u>	<u>16,099,626</u>
Net change in fund balances	232,903	98,361	331,264
Fund balances, beginning	2,103,711	54,784	2,158,495
Fund balances, ending	<u>\$ 2,336,614</u>	<u>\$ 153,145</u>	<u>\$ 2,489,759</u>

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

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

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ 331,264
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		(73,863)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Issuance of notes	\$ (40,225)	
Principal repayment of notes	<u>28,993</u>	
		(11,232)
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	\$ 583	
Increase in compensated absences payable	(107,500)	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	301,586	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>38,776</u>	
		<u>233,445</u>
Change in net position of governmental activities (Exhibit B)		<u><u>\$ 479,614</u></u>

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

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
School district assessment	\$ 11,199,668	\$ 11,199,668	\$ 11,199,668	\$ -
Other local	11,500	89,960	105,005	15,045
State	4,522,031	4,522,031	4,530,782	8,751
Federal	10,000	10,000	5,894	(4,106)
Total revenues	<u>15,743,199</u>	<u>15,821,659</u>	<u>15,841,349</u>	<u>19,690</u>
EXPENDITURES				
Current:				
Instruction	13,535,250	13,587,836	12,470,764	1,117,072
Support services:				
Student	792,410	743,225	604,483	138,742
Instructional staff	246,843	246,843	227,617	19,226
General administration	36,862	36,862	38,035	(1,173)
Executive administration	516,836	516,836	516,836	-
School administration	523,686	602,146	513,588	88,558
Operation and maintenance of plant	487,716	484,315	567,655	(83,340)
Student transportation	942,311	942,311	739,326	202,985
Facilities acquisition and construction	4	4	-	4
Total expenditures	<u>17,081,918</u>	<u>17,160,378</u>	<u>15,678,304</u>	<u>1,482,074</u>
Net change in fund balance	<u>\$ (1,338,719)</u>	<u>\$ (1,338,719)</u>	163,045	<u>\$ 1,501,764</u>
Decrease in nonspendable fund balance			2,327	
Increase in committed fund balance			(50,000)	
Increase in assigned (non-encumbrance) fund balance			(326,000)	
Unassigned fund balance, beginning			1,338,719	
Unassigned fund balance, ending			<u>\$ 1,128,091</u>	

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the New Boston School District, in New Boston, 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 New Boston School District is a municipal corporation governed by an elected 5-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. Generally, 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 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: instruction, support services, noninstructional, debt services or facilities acquisition and construction. 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 bonds or notes. Capital outlay includes expenditures for equipment, real property, or infrastructure.

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

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

Measurement Focus and Basis of Accounting – The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. District assessments,

NEW BOSTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 fund:

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, and support services. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the expendable trust funds are consolidated in the general fund.

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 primarily of demand deposits, and savings accounts. 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 fuel and commodities. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method. Inventorial items are recorded as expenditures when consumed at the schools (the consumption method). The nonspendable fund balance at the governmental fund level is a part of the amount of inventories at year-end to indicate the portion of the governmental fund balance that is nonspendable.

1-G Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and expensed as the items are used. This amount is also a part of nonspendable fund balance at year-end.

NEW BOSTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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1-H Capital Assets

Capital assets are reported in the government-wide financial statements but are not reported in the fund 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. The School District has established a threshold of \$5,000 or more and an estimated useful life in excess of one year for capitalization of depreciable assets.

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:	<u>Years</u>
Buildings and building improvements	20 - 40
Machinery, equipment, and furnishings	10

1-I Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

1-J Accounts Payable

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

1-K Deferred Outflows/Inflows of Resources

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

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

1-L 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.

NEW BOSTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, the School District utilizes the following classifications to categorize the financial transactions:

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

1-M Compensated Absences

General leave for the School District includes 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-N 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-O 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 – The School District maintains a single employer plan but has not obtained an actuarial report calculating the other postemployment benefit liability, deferred outflows of resources, and deferred inflows of resources in accordance with GASB Statement No. 75, *Accounting and Financial Reporting For Postemployment Benefits Other Than Pensions*.

1-P 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 notes, or other debt attributable to the acquisition, construction, or improvement of those assets.

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

NEW BOSTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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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 \$625,000 which is 5.0% of the net district assessment, to be used for emergency expenditures, or to use as a revenue source to reduce the tax rate.

1-Q 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 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-R Material Change in Classification

The accompanying financial statements reflect a change in classification from the prior year. Specifically, the grants fund which accounts for the School District's federal grants did not qualify as a major fund for the current fiscal year. As such it was reclassified to the nonmajor governmental funds.

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

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 fund, as well as the nonmajor grants and food service funds. 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 2022, \$1,338,719 of the beginning general fund unassigned fund balance was applied for this purpose.

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 nonmajor grants and food service funds. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues:	
Per Exhibit D (budgetary basis)	\$15,841,349
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
Interest earnings related to the blended expendable trust funds	48
Per Exhibit C-3 (GAAP Basis)	<u>\$15,841,397</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$15,678,304
Adjustments:	
Basis difference:	
Encumbrances, beginning	23,536
Encumbrances, ending	<u>(93,346)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$15,608,494</u>

2-C Accounting Change

Governmental Accounting Standards Board Statement No. 87, *Leases*, was implemented during fiscal year 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The prior year ending balance for capital leases was reclassified to notes payable, see Note 9, *Long-Term Liabilities*, for further information.

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

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School District's deposits are entirely covered by Federal Depository Insurance Corporation (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 \$3,262,061 and the bank balances totaled \$3,222,832.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2022, consisted of accounts and intergovernmental amounts arising from grants, school lunch program, and expendable trust funds held by the Town of the New Boston 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, 2022 consisted of the following:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Balance, ending</u>
At cost:			
Not being depreciated:			
Land	\$ 6,770	\$ -	\$ 6,770
Being depreciated:			
Buildings and building improvements	4,255,772	-	4,255,772
Machinery, equipment, and furnishings	129,342	-	129,342
Total capital assets being depreciated	<u>4,385,114</u>	<u>-</u>	<u>4,385,114</u>
Total capital assets	<u>4,391,884</u>	<u>-</u>	<u>4,391,884</u>
Less accumulated depreciation:			
Buildings and building improvements	(3,124,830)	(59,855)	(3,184,685)
Machinery, equipment, and furnishings	(38,751)	(14,008)	(52,759)
Total accumulated depreciation	<u>(3,163,581)</u>	<u>(73,863)</u>	<u>(3,237,444)</u>
Net book value, capital assets being depreciated	<u>1,221,533</u>	<u>(73,863)</u>	<u>1,147,670</u>
Net book value, all capital assets	<u>\$1,228,303</u>	<u>\$ (73,863)</u>	<u>\$ 1,154,440</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	\$ 19,620
Support services:	
Operation and maintenance of plant	<u>54,243</u>
Total depreciation expense	<u>\$ 73,863</u>

NOTE 6 – INTERFUND BALANCES

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2022 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor	<u>\$ 24,852</u>

NEW BOSTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$194,836 at June 30, 2022 consist of the following:

	General Fund
Balance due to the New Hampshire Retirement System	\$ 164,405
Balance due to the Nashua School District	23,199
Balance due to the Goffstown School District	7,232
Total intergovernmental payables due	\$ 194,836

NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2022 consist of amounts related to pensions totaling \$1,452,918 and amounts related to OPEB totaling \$49,487. For further discussion on these amounts, see Notes 10 and 12, respectively.

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

	Governmental Activities	General Fund	Nonmajor Funds
Fiscal year 2023 School District assessment received in advance	\$ 1,000,000	\$ 1,000,000	\$ -
Grant revenue collected in advance of eligible expenditures being made	22,402	-	22,402
Amounts related to pensions, see Note 10	1,716,844	-	-
Amounts related to OPEB, see Note 12	5,903	-	-
Total deferred inflows of resources	\$ 2,745,149	\$ 1,000,000	\$ 22,402

NOTE 9 – LONG-TERM LIABILITIES

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

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year	Due In More Than One Year
Direct borrowings - Notes/loans payable	\$ 15,585	\$ 40,225	\$ (28,993)	\$ 26,817	\$ 13,408	\$ 13,409
Compensated absences	90,000	107,500	-	197,500	-	197,500
Pension related liability	7,836,085	-	(2,613,309)	5,222,776	-	5,222,776
Net other postemployment benefits	512,382	-	(57,960)	454,422	-	454,422
Total long-term liabilities	\$ 8,454,052	\$ 147,725	\$ (2,700,262)	\$ 5,901,515	\$ 13,408	\$ 5,888,107

Long-term notes are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2022
Direct borrowings - Notes/loans payable					
Laptops and other equipment	\$ 8,320	2022	2024	0.00%	\$ 5,547
Laptops and other equipment	\$ 31,905	2022	2024	0.00%	21,270
Total direct borrowings					\$ 26,817

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

	Notes/Loans - Direct Borrowings		
Fiscal Year Ending June 30.	Principal	Interest	Total
2022	\$ 13,408	\$ -	\$ 13,408
2023	13,409	-	13,409
Totals	\$ 26,817	\$ -	\$ 26,817

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.

NEW BOSTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (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 1/1/12 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 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

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

Contributions – The System is financed by contributions from both the employees and the School District. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. For fiscal year 2022, the School District contributed 19.48% for teachers and 13.75% for other employees. The contribution requirement for the fiscal year 2022 was \$704,043, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the School District reported a liability of \$5,222,776 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The School District’s proportion of the net pension liability was based on a projection of the School District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2021, the School District’s proportion was 0.12% which was the same as its proportion measured as of June 30, 2020.

NEW BOSTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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For the year ended June 30, 2022, the School District recognized pension expense of \$403,550. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 57,140	\$ 201,474
Net difference between projected and actual investment earnings on pension plan investments	-	1,460,691
Changes in assumptions	545,490	-
Differences between expected and actual experience	146,245	54,679
Contributions subsequent to the measurement date	704,043	-
Total	\$ 1,452,918	\$ 1,716,844

The \$704,043 reported as deferred outflows of resources related to pensions results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2022	\$ (125,705)
2023	(149,087)
2024	(174,570)
2025	(518,607)
Thereafter	-
Totals	\$ (967,969)

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

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

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

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

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

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

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

Discount Rate – The discount rate used to measure the 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, 2021	\$ 7,469,167	\$ 5,222,776	\$ 3,348,919

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 – SUPPLEMENTAL RETIREMENT PLANS

All employees employed by the School District participate in a defined contribution pension plan administered by TSA. Participation can begin immediately upon employment. The School District has no requirement or obligation under State Statutes to contribute to this plan, however the School District has adopted the Supplemental Retirement Plan 457 and 403(b) for its employees. The School Board has the authority to establish and amend the benefit provisions and contribution requirements of the plan. Employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022 were \$70,165.

NEW BOSTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

12-A New Hampshire Retirement System (NHRS)

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

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

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

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

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

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

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2021, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2022, the School District contributed 1.54% for teachers and 0.31% for other employees. The contribution requirement for the fiscal year 2022 was \$49,487, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2022, the School District reported a liability of \$454,422 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The School District’s proportion of the net OPEB liability was based on a projection of the School District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2021, the School District’s proportion was 0.11% which was a decrease of 0.01% from its proportion measured as of June 30, 2020.

NEW BOSTON SCHOOL DISTRICT
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For the year ended June 30, 2022, the School District recognized OPEB expense of \$10,849. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 131
Net difference between projected and actual investment earnings on OPEB plan investments	-	5,677
Differences between expected and actual experience	-	95
Contributions subsequent to the measurement date	49,487	-
Total	\$ 49,487	\$ 5,903

The \$49,487 reported as deferred outflows of resources related to OPEB results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2022	\$(1,524)
2023	(1,193)
2024	(1,337)
2025	(1,849)
Thereafter	-
Totals	\$(5,903)

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

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

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

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

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

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

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

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

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2021	\$ 493,993	\$ 454,422	\$ 419,993

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.

12-B Retiree Health Benefit Program

The School District provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the School District’s contractual agreements. Expenses for the cost of providing health insurance for currently enrolled retirees are recognized in the general fund of the funds financial statements as payments are made.

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires State and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The School District has not fully implemented GASB Statement No. 75 at June 30, 2022 or contracted with an actuarial firm to assist in evaluating the impact of this standard on the School District. The amounts that should be recorded as the net OPEB liability and the OPEB expense is unknown.

NEW BOSTON SCHOOL DISTRICT
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NOTE 13 - ENCUMBRANCES

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

Current:	
Instruction:	
Regular programs	\$ 16,125
Special programs	2,346
Total instruction	<u>18,471</u>
Support services:	
Operation and maintenance of plant	74,875
Total encumbrances	<u>\$ 93,346</u>

NOTE 14 – GOVERNMENTAL ACTIVITIES NET POSITION

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

	Governmental Activities
Net investment in capital assets:	
Net book value of all capital assets	\$ 1,154,440
Less:	
General obligation notes payable	(26,817)
Total net investment in capital assets	<u>1,127,623</u>
Restricted net position:	
Food service	104,390
Unrestricted	(3,709,671)
Total net position	<u>\$ (2,477,658)</u>

NOTE 15 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2022 consist of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Inventory	\$ 6,099	\$ -	\$ 6,099
Prepaid items	4,077	-	4,077
Total nonspendable fund balance	<u>10,176</u>	<u>-</u>	<u>10,176</u>
Restricted:			
Food service	-	104,390	104,390
Committed:			
Expendable trust	430,001	-	430,001
Voted appropriation - March 2022	50,000	-	50,000
Total committed fund balance	<u>480,001</u>	<u>-</u>	<u>480,001</u>
Assigned:			
Encumbrances	93,346	-	93,346
Retained (RSA 198:4-b11)	625,000	-	625,000
Student activities	-	48,755	48,755
Total assigned fund balance	<u>718,346</u>	<u>48,755</u>	<u>767,101</u>
Unassigned	<u>1,128,091</u>	<u>-</u>	<u>1,128,091</u>
Total governmental fund balances	<u>\$ 2,336,614</u>	<u>\$ 153,145</u>	<u>\$ 2,489,759</u>

NEW BOSTON SCHOOL DISTRICT
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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 2022, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2021 to June 30, 2022 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and for each property loss it is based upon the District's property schedule on file with Primex³. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2021-22 the School District paid \$13,018 and \$18,903, respectively, to Primex 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 – CAFETERIA BENEFIT PLAN

Effective July 1, 2020, the School District implemented a cafeteria benefit plan pursuant to Section 125 of the IRS code. Under this plan, eligible employees may direct a contribution, made by the School District, into any combination of the following benefit categories:

1. Premium Conversion Account;
2. General Purpose Health Flexible Spending Account; or
3. Dependent Care Assistance Plan Account.

In addition to directing the School District's contribution to the above categories, eligible employees may elect to contribute pre-tax dollars to these categories. Under no circumstances may an employee direct more than \$5,000 annually into the Dependent Care Spending Account, and \$2,750 into the General Purpose Health Flexible Spending Account. This cap applies to both School District contributions and employee pre-tax contributions. There are no limits on contributions to the Premium Conversion Account.

All regular full-time and part-time employees employed on a regular and continuous basis, including certain contractual employees, are eligible to participate in this plan. Temporary and casual employees are not eligible. The plan year adopted by the School District begins on July 1 and ends on June 30. To obtain reimbursement of expenses incurred within a plan year within the spending accounts (items 2 and 3 above), employees must submit claims within ninety days of the end of the plan year or separation of service from the School District, whichever occurs first. Funds unclaimed after ninety days of the close of the plan year are then remitted to the School District.

NOTE 18 – CONTINGENT LIABILITIES

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 19 – COVID-19

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

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

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

The ESR provided funds to the School District through the Elementary and Secondary School Emergency Relief Fund (ESSER). The objective of ESSER is to provide local education agencies with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation. This funding was awarded to the School District under the ESSER I, II, and III grants, with the School District expending \$78,260 of this funding in the fiscal year 2022 and must be used for activities to prevent, prepare, and respond to the coronavirus.

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

NOTE 20 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through January 23, 2023, the date the June 30, 2022 financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
School District's:									
Proportion of the net pension liability	0.11%	0.11%	0.11%	0.11%	0.12%	0.12%	0.12%	0.12%	0.12%
Proportionate share of the net pension liability	\$4,884,809	\$ 4,346,989	\$ 4,460,720	\$ 6,135,640	\$ 5,688,235	\$ 5,906,670	\$ 5,884,774	\$ 7,836,085	\$ 5,222,776
Covered payroll (as of the measurement date)	\$3,177,109	\$ 3,246,600	\$ 3,360,879	\$ 3,360,879	\$ 3,437,822	\$ 3,528,618	\$ 3,650,361	\$ 3,650,361	\$ 3,608,821
Proportionate share of the net pension liability as a percentage of its covered payroll	153.75%	133.89%	132.72%	182.56%	165.46%	167.39%	161.21%	214.67%	144.72%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%

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

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution	\$ 282,223	\$ 375,711	\$ 377,763	\$ 413,165	\$ 423,719	\$ 518,462	\$ 532,238	\$ 540,317	\$ 704,043
Contributions in relation to the contractually required contributions	282,223	375,711	377,763	413,165	423,719	518,462	532,238	540,317	704,043
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$3,177,109	\$3,246,600	\$3,360,879	\$3,360,879	\$3,437,822	\$3,528,618	\$3,650,361	\$3,608,821	\$3,847,807
Contributions as a percentage of covered payroll	8.88%	11.57%	11.24%	12.29%	12.33%	14.69%	14.58%	14.97%	18.30%

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

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

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

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

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

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

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

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
School District's proportion of the net OPEB liability	0.14%	0.14%	0.11%	0.11%	0.12%	0.11%
School District's proportionate share of the net OPEB liability (asset)	\$ 656,439	\$ 633,755	\$ 498,017	\$ 475,859	\$ 512,382	\$ 454,422
School District's covered payroll (as of the measurement date)	\$3,360,879	\$3,437,822	\$3,528,618	\$3,650,361	\$3,650,361	\$3,608,821
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	19.53%	18.43%	14.11%	13.04%	14.04%	12.59%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%

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

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution	\$ 78,791	\$ 82,152	\$ 48,114	\$ 49,534	\$ 54,393	\$ 49,487
Contributions in relation to the contractually required contribution	<u>78,791</u>	<u>82,152</u>	<u>48,114</u>	<u>49,534</u>	<u>54,393</u>	<u>49,487</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll (as of the fiscal year)	<u>\$3,360,879</u>	<u>\$3,437,822</u>	<u>\$3,528,618</u>	<u>\$3,650,361</u>	<u>\$3,608,821</u>	<u>\$3,847,807</u>
Contributions as a percentage of covered payroll	2.34%	2.39%	1.36%	1.36%	1.51%	1.29%

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

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

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

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

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

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

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

COMBINING AND INDIVIDUAL FUND SCHEDULES

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

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 11,199,668	\$ 11,199,668	\$ -
Other local sources:			
Tuition	8,000	12,060	4,060
Investment earnings	2,000	5,018	3,018
Miscellaneous	79,960	87,927	7,967
Total from other local sources	<u>89,960</u>	<u>105,005</u>	<u>15,045</u>
State sources:			
Adequacy aid (grant)	3,146,637	3,146,637	-
Adequacy aid (tax)	1,350,394	1,350,394	-
Catastrophic aid	25,000	33,751	8,751
Total from state sources	<u>4,522,031</u>	<u>4,530,782</u>	<u>8,751</u>
Federal sources:			
Medicaid	10,000	5,894	(4,106)
Total revenues	15,821,659	<u>\$ 15,841,349</u>	<u>\$ 19,690</u>
Use of fund balance to reduce school district assessment	1,338,719		
Total revenues and use of fund balance	<u>\$ 17,160,378</u>		

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

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 5,785	\$ 11,182,107	\$ 10,356,051	\$ 16,125	\$ 815,716
Special programs	-	2,343,736	2,044,494	2,346	296,896
Other programs	-	61,993	57,533	-	4,460
Total instruction	<u>5,785</u>	<u>13,587,836</u>	<u>12,458,078</u>	<u>18,471</u>	<u>1,117,072</u>
Support services:					
Student	4,000	743,225	608,483	-	138,742
Instructional staff	-	246,843	227,617	-	19,226
General administration	-	36,862	38,035	-	(1,173)
Executive administration	-	516,836	516,836	-	-
School administration	-	602,146	513,588	-	88,558
Operation and maintenance of plant	13,751	484,315	506,531	74,875	(83,340)
Student transportation	-	942,311	739,326	-	202,985
Total support services	<u>17,751</u>	<u>3,572,538</u>	<u>3,150,416</u>	<u>74,875</u>	<u>364,998</u>
Facilities acquisition and construction	-	4	-	-	4
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 23,536</u>	<u>\$ 17,160,378</u>	<u>\$ 15,608,494</u>	<u>\$ 93,346</u>	<u>\$1,482,074</u>

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

Unassigned fund balance, beginning		\$ 1,338,719
Changes:		
Unassigned fund balance used to reduce school district assessment		(1,338,719)
2021-2022 Budget summary:		
Revenue surplus (Schedule 1)	\$ 19,690	
Unexpended balance of appropriations (Schedule 2)	<u>1,482,074</u>	
2021-2022 Budget surplus		1,501,764
Decrease in nonspendable fund balance		2,327
Increase in committed fund balance		(50,000)
Increase in assigned (non-encumbrance) fund balance		<u>(326,000)</u>
Unassigned fund balance, ending		<u>\$ 1,128,091</u>

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

	Special Revenue Funds			Total
	Grants	Food Service	Student Activity	
ASSETS				
Cash and cash equivalents	\$ -	\$ 36,834	\$ 48,755	\$ 85,589
Accounts receivable	-	82	-	82
Intergovernmental receivable	53,258	82,385	-	135,643
Total assets	<u>\$ 53,258</u>	<u>\$ 119,301</u>	<u>\$ 48,755</u>	<u>\$ 221,314</u>
LIABILITIES				
Accounts payable	\$ 8,730	\$ 11,431	\$ -	\$ 20,161
Accrued salaries and benefits	754	-	-	754
Interfund payable	24,852	-	-	24,852
Total liabilities	<u>34,336</u>	<u>11,431</u>	<u>-</u>	<u>45,767</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - grants	18,922	3,480	-	22,402
FUND BALANCES				
Restricted	-	104,390	-	104,390
Assigned	-	-	48,755	48,755
Total fund balances	<u>-</u>	<u>104,390</u>	<u>48,755</u>	<u>153,145</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 53,258</u>	<u>\$ 119,301</u>	<u>\$ 48,755</u>	<u>\$ 221,314</u>

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

	Special Revenue Funds			Total
	Grants	Food Service	Student Activity	
REVENUES				
Other local	\$ 3,610	\$ 488	\$ 37,450	\$ 41,548
State	-	7,951	-	7,951
Federal	225,676	314,318	-	539,994
Total revenues	<u>229,286</u>	<u>322,757</u>	<u>37,450</u>	<u>589,493</u>
EXPENDITURES				
Current:				
Instruction	207,489	-	32,517	240,006
Support services:				
Student	5,956	-	-	5,956
Instructional staff	1,872	-	-	1,872
School administration	10,469	-	-	10,469
Operation and maintenance of plant	3,500	-	-	3,500
Noninstructional services	-	229,329	-	229,329
Total expenditures	<u>229,286</u>	<u>229,329</u>	<u>32,517</u>	<u>491,132</u>
Net change in fund balances	-	93,428	4,933	98,361
Fund balances, beginning	-	10,962	43,822	54,784
Fund balances, ending	<u>\$ -</u>	<u>\$ 104,390</u>	<u>\$ 48,755</u>	<u>\$ 153,145</u>