

NEW BOSTON SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

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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 Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the financial statements of the governmental activities, major fund, and the aggregate remaining fund information of the New Boston School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the New Boston School District's basic financial statements as listed in the table of contents.

Summary of Opinions

<i>Opinion Unit</i>	<i>Type of Opinion</i>
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 discussed in the *Matter Giving Rise to Adverse Opinion on Governmental Activities* section of the report, the accompanying financial statements do not present fairly the financial position of the New Boston School District, as of June 30, 2023, or the changes in financial position in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Major Fund, and Aggregate Remaining Fund Information

In our opinion, accompanying the financial statements present fairly, in all material respects, the respective financial position of the major fund, and aggregate remaining fund information for the New Boston School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified 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 adverse and unmodified audit opinions.

Matter Giving Rise to 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 related to the single employer plan 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.

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Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2-C to the financial statements, in the year ending June 30, 2023, the School District adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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.

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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for

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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 financial schedules are the responsibility of management and were derived from and related 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.

December 28, 2023
Concord, New Hampshire

*Plodzik & Sanderson
Professional Association*

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FY 2023 DRAFT

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, 2023. 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 \$(3,024,287) (*net position*). Of this amount, \$(4,291,292) (*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 \$546,629 (\$2,477,658 in FY 22).
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,825,446, a change of \$(664,313) in comparison with the prior year \$2,489,759.
- At the end of the current fiscal year, the District had \$763,250 remaining in unassigned fund balance. This money is available for spending at the District Town Meeting's discretion or for tax relief. In addition, \$400,000 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 \$6,972,923.

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 five 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 four funds is 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 \$3,024,287 at the close of the most recent fiscal year.

The largest portion of the District's net position \$1,210,352, 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			
	2023	2022	% Change 2022-2023
Current and Other Assets	\$2,341,409	\$ 3,846,003	-39.12%
Capital Assets	1,223,761	1,154,440	6.00%
Total Assets	3,565,170	5,000,443	-28.70%
Deferred Outflows of Resources	1,743,044	1,502,405	16.02%
Long-Term Liabilities Outstanding	398,454	5,901,515	-93.25%
Other Liabilities	7,642,304	333,842	2189.20%
Total Liabilities	8,040,758	6,235,357	28.95%
Deferred Inflows of Resources	291,743	2,745,149	-89.37%
Net Investment in Capital Assets	1,210,352	1,127,623	7.34%
Restricted Net Position	56,653	104,390	-45.73%
Unrestricted Net Position	(4,291,292)	(3,709,671)	15.68%
Total Net Position	\$ (3,024,287)	\$ (2,477,658)	22.06%

Summary of Changes in Net Position
Governmental Activities

	2023 Amount	2022 Amount	\$ Difference	% Difference
Revenues:				
Program Revenue:				
Charges for Services	\$ 187,032	\$ 12,492	\$ 174,540	93.32%
Operating Grants and Contributions	742,278	591,200	151,078	20.35%
General Revenue:				
School District Assessment	11,887,212	11,199,668	687,544	5.78%
Unrestricted Grants	4,241,900	4,497,031	(255,131)	-6.01%
Miscellaneous & Interest	96,109	130,499	(34,390)	-35.78%
Total Revenues	<u>17,154,531</u>	<u>16,430,890</u>	<u>723,641</u>	<u>4.22%</u>
Expenses:				
Instruction	\$ 13,619,327	\$ 12,565,388	\$ 1,053,939	7.74%
Support Services:				
Student	502,477	593,071	(90,594)	-18.03%
Instructional Staff	268,291	219,096	49,195	18.34%
General Administration	28,149	38,035	(9,886)	-35.12%
Executive Administration	615,121	488,769	126,352	20.54%
School Administration	535,660	520,448	15,212	2.84%
Operation and Maintenance of Plant	987,363	557,814	429,549	43.50%
Student Transportation	901,688	739,326	162,362	18.01%
Noninstructional Services	243,084	229,329	13,755	5.66%
Total Expenses	<u>17,701,160</u>	<u>15,951,276</u>	<u>1,749,884</u>	<u>9.89%</u>
Change in Net Position	(546,629)	479,614	(1,026,243)	-187.74%
Net Position, beginning	(2,477,658)	(2,957,272)	479,614	19.36%
Net Position, ending	<u>\$ (3,024,287)</u>	<u>\$ (2,477,658)</u>	<u>\$ (546,629)</u>	<u>-18.07%</u>

Governmental Activities. As noted above, governmental activities net position changed by \$(546,629). Key elements of this change are as follows:

Governmental Activities:

Total net change in governmental funds fund balance:	
General Fund	\$ (621,989)
Other Governmental Funds	(42,324)
	<u>(664,313)</u>
Depreciation expense, net of capital asset additions	69,321
Change in notes payable	13,408
Change in compensated absences	(14,500)
Change in net pension liability, net of deferred resources	26,723
Change in net OPEB liability, net of deferred resources	<u>22,732</u>
Total net change	<u>\$ (546,629)</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 \$1,825,446, which is a change of \$(664,313) (\$2,489,759 in FY 22) in comparison with the prior year. Key elements of this change are as follows:

Governmental Funds:

General Fund	\$ 1,714,625
Other Governmental Funds:	
Food Service Fund	56,653
Student Activity Funds	<u>54,168</u>
Total	<u>\$ 1,825,446</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 \$1,163,250 of which \$763,250 will be returned to the taxpayers in 2023-2024 and \$400,000 will be retained in accordance with RSA 198:4-bII.

COMMENTS ON GENERAL FUND BUDGET COMPARISONS (SEE EXHIBIT D)

- General fund actual revenues totaling \$16,319,530 exceeded budgeted revenues by \$193,135 (1.2%)
 - **Local sources** totaling \$114,258 exceeded budget by \$102,758 due to a combination of over collection of tuition revenue, greater than expected investment income, and an under estimation of local revenue sources.
 - **State sources** totaling \$4,308,025 exceeded budget by \$90,342; this amount is attributed to state revenues being higher than expected, especially with special education aid.
 - **Federal sources** totaling \$10,035 exceeded budget by \$35.
- General fund expenditures totaling \$16,752,320 were less than appropriation totaling \$17,257,393 by \$505,073.
 - **Instruction** totaling \$13,356,474 was below budget by \$374,228 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.
 - **Student Transportation** totaling \$901,688 was lower than the budget of \$970,162 by \$68,474. This was a result of combining bus routes due to driver shortages.
 - **Support Services- Student** totaling \$501,604 was lower than the budget amount of \$561,194 with a variance of \$59,590. This variance is largely attributed to changes in student support needs and challenges filling paraprofessional vacancies.
 - **Operation and maintenance of plant** totaling \$567,839 was greater than the budget of \$521,758 due to unanticipated repairs and maintenance.

6. Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2023, amounted to \$1,223,761 (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 \$69,321 as evidenced below:

Capital Assets at Year End Governmental Activities			
	June 30, 2023	June 30, 2022	% Change 2022-2023
Land	\$ 6,770	\$ 6,770	0.00%
Buildings & Building Improvements	4,255,772	4,255,772	0.00%
Machinery, Equipment & Furnishings	275,184	129,342	112.76%
Less: Accumulated Depreciation	(3,313,965)	(3,237,444)	2.36%
Total	<u>\$ 1,223,761</u>	<u>\$ 1,154,440</u>	<u>6.00%</u>

Depreciation Expense	<u>\$ (76,521)</u>
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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, 2023. The compensated balances were calculated on vacation days and retirement stipend days for all eligible employees for compensation at retirement. In accordance with GASB Statement No. 68, the calculated value of the unfunded State retirement liability to the District for FY 2023 is reported, see Note 10.

Long-Term Debt Outstanding at Year End
Governmental Activities

	June 30, 2023	June 30, 2022	% Change 2022-2023
Compensated Absences	\$ 212,000	\$ 197,500	-6.84%
Notes Payable	13,409	26,817	99.99%
Pension Related Liability	6,972,923	5,222,776	-25.10%
Net Other postemployment benefits liability	443,972	454,422	2.35%
Total	<u>\$ 7,642,304</u>	<u>\$ 5,901,515</u>	<u>-22.78%</u>

Future Budgetary Implications

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

- State education funding in the form of adequacy aid to local school districts can be uncertain based on several factors such as enrollment, free and reduced lunch participation, and other criteria.
- The State shifting cost responsibilities to local governments may have an impact on taxation calculation.
- The unassigned Fund Balance established in this audit is intended to be returned at tax rate setting in November.
- 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, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,693,012
Other receivables	44
Intergovernmental receivable	631,313
Inventory	11,038
Prepaid items	6,002
Capital assets, not being depreciated	6,770
Capital assets, net of accumulated depreciation	1,216,991
Total assets	<u>3,565,170</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	1,687,178
Amounts related to other postemployment benefits	55,866
Total deferred outflows of resources	<u>1,743,044</u>
LIABILITIES	
Accounts payable	125,314
Accrued salaries and benefits	33,211
Intergovernmental payable	239,929
Noncurrent obligations:	
Due within one year	13,409
Due in more than one year	7,628,895
Total liabilities	<u>8,040,758</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - grants	117,509
Amounts related to pensions	174,234
Total deferred inflows of resources	<u>291,743</u>
NET POSITION	
Net investment in capital assets	1,210,352
Restricted	56,653
Unrestricted	(4,291,292)
Total net position	<u><u>\$ (3,024,287)</u></u>

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, 2023

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change in
	Expenses	Services	Contributions	Net Position
Governmental activities:				
Instruction	\$ 13,619,327	\$ 71,620	\$ 330,134	\$ (13,217,573)
Support services:				
Student	502,477	-	2,484	(499,993)
Instructional staff	268,291	-	28,764	(239,527)
General administration	28,149	-	-	(28,149)
Executive administration	615,121	-	556	(614,565)
School administration	535,660	-	1,582	(534,078)
Operation and maintenance of plant	987,363	-	71,124	(916,239)
Student transportation	901,688	-	-	(901,688)
Noninstructional services	243,084	115,412	86,994	(40,678)
Facilities acquisition and construction	-	-	220,640	220,640
Total governmental activities	<u>\$ 17,701,160</u>	<u>\$187,032</u>	<u>\$ 742,278</u>	<u>(16,771,850)</u>
General revenues and contributions:				
School district assessment				11,887,212
Grants and contributions not restricted to specific programs				4,241,900
Interest				88,050
Miscellaneous				8,059
Total general revenues and contributions				<u>16,225,221</u>
Change in net position				(546,629)
Net position, beginning				(2,477,658)
Net position, ending				<u>\$ (3,024,287)</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, 2023

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,583,235	\$ 109,777	\$ 1,693,012
Receivables:			
Accounts	8	36	44
Intergovernmental	464,592	166,721	631,313
Interfund receivables	21,976	8,865	30,841
Inventory	11,038	-	11,038
Prepaid items	6,002	-	6,002
Total assets	<u>\$ 2,086,851</u>	<u>\$ 285,399</u>	<u>\$ 2,372,250</u>
LIABILITIES			
Accounts payable	\$ 101,357	\$ 23,957	\$ 125,314
Accrued salaries and benefits	32,075	1,136	33,211
Intergovernmental payable	229,929	10,000	239,929
Interfund payable	8,865	21,976	30,841
Total liabilities	<u>372,226</u>	<u>57,069</u>	<u>429,295</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	<u>-</u>	<u>117,509</u>	<u>117,509</u>
FUND BALANCES			
Nonspendable	17,040	-	17,040
Restricted	-	56,653	56,653
Committed	521,698	-	521,698
Assigned	412,637	54,168	466,805
Unassigned	763,250	-	763,250
Total fund balances	<u>1,714,625</u>	<u>110,821</u>	<u>1,825,446</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,086,851</u>	<u>\$ 285,399</u>	<u>\$ 2,372,250</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, 2023

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,825,446
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	\$ 4,537,726	
Less accumulated depreciation	<u>(3,313,965)</u>	
		1,223,761
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	\$ 1,687,178	
Deferred inflows of resources related to pensions	(174,234)	
Deferred outflows of resources related to OPEB	<u>55,866</u>	
		1,568,810
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (30,841)	
Payables	<u>30,841</u>	
		-
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Notes/loans	\$ 13,409	
Compensated absences	212,000	
Net pension liability	6,972,923	
Other postemployment benefits	<u>443,972</u>	
		<u>(7,642,304)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ (3,024,287)</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, 2023

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
School district assessment	\$11,887,212	\$ -	\$11,887,212
Other local	120,838	169,429	290,267
State	4,308,025	2,884	4,310,909
Federal	10,035	656,108	666,143
Total revenues	16,326,110	828,421	17,154,531
EXPENDITURES			
Current:			
Instruction	13,366,542	378,264	13,744,806
Support services:			
Student	501,604	2,484	504,088
Instructional staff	241,243	28,764	270,007
General administration	28,149	-	28,149
Executive administration	620,244	556	620,800
School administration	534,078	1,582	535,660
Operation and maintenance of plant	638,480	103,195	741,675
Student transportation	901,688	-	901,688
Noninstructional services	-	250,330	250,330
Facilities acquisition and construction	1,001	220,640	221,641
Total expenditures	16,833,029	985,815	17,818,844
Deficiency of revenues under expenditures	(506,919)	(157,394)	(664,313)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	115,070	115,070
Transfers out	(115,070)	-	(115,070)
Total other financing sources (uses)	(115,070)	115,070	-
Net change in fund balances	(621,989)	(42,324)	(664,313)
Fund balances, beginning	2,336,614	153,145	2,489,759
Fund balances, ending	\$ 1,714,625	\$ 110,821	\$ 1,825,446

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, 2023

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ (664,313)
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. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 145,842	
Depreciation expense	<u>(76,521)</u>	
		69,321
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (115,070)	
Transfers out	<u>115,070</u>	
		-
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.		13,408
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.		
Increase in compensated absences payable	\$ (14,500)	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	26,723	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>22,732</u>	
		34,955
Change in net position of governmental activities (Exhibit B)		<u><u>\$ (546,629)</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, 2023

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
School district assessment	\$ 11,887,212	\$ 11,887,212	\$ 11,887,212	\$ -
Other local	11,500	11,500	114,258	102,758
State	4,217,683	4,217,683	4,308,025	90,342
Federal	10,000	10,000	10,035	35
Total revenues	16,126,395	16,126,395	16,319,530	193,135
EXPENDITURES				
Current:				
Instruction	13,726,587	13,730,702	13,356,474	374,228
Support services:				
Student	577,213	561,194	501,604	59,590
Instructional staff	265,571	265,571	241,243	24,328
General administration	39,067	39,067	28,149	10,918
Executive administration	620,244	620,244	620,244	-
School administration	536,787	548,691	534,078	14,613
Operation and maintenance of plant	521,758	521,758	567,839	(46,081)
Student transportation	970,162	970,162	901,688	68,474
Facilities acquisition and construction	4	4	1,001	(997)
Total expenditures	17,257,393	17,257,393	16,752,320	505,073
Excess (deficiency) of revenues over (under) expenditures	(1,130,998)	(1,130,998)	(432,790)	698,208
OTHER FINANCING SOURCES (USES)				
Transfers in	2,909	2,909	-	(2,909)
Transfers out	(50,002)	(50,002)	(50,187)	(185)
Total other financing sources (uses)	(47,093)	(47,093)	(50,187)	(3,094)
Net change in fund balance	\$ (1,178,091)	\$ (1,178,091)	(482,977)	\$ 695,114
Increase in nonspendable fund balance			(6,864)	
Increase in committed fund balance			(100,000)	
Decrease in assigned (non-encumbrance) fund balance			225,000	
Unassigned fund balance, beginning			1,128,091	
Unassigned fund balance, ending			\$ 763,250	

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, 2023

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NEW BOSTON SCHOOL DISTRICT
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 GASB Statement No. 14 (as amended). 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, including capital assets and long-term liabilities.

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. As in the Statement of Net Position the School District has not recorded. 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 function: instruction, support services, noninstructional, debt services or facilities acquisition and construction. Current expenditures are subclassified by object 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

NEW BOSTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. District assessments, 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 four 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, commodities. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method in the food service fund. Inventorial items are recorded as expenditures when consumed at the schools (the consumption method). This amount is included as nonspendable fund balance in the general fund at year-end.

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. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the School District as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position.

In the government-wide financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included in income.

Capital assets of the School District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Class:	Years
Buildings and building improvements	20 - 40
Machinery, equipment, and furnishings	10

1-I Interfund Activities

Interfund activities are reported as follows:

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.

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

1-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, 2023.

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 School 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 school has two types of items which qualify for reporting in this category. Deferred inflows of resources related to pensions 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.

NEW BOSTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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.

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, the School District utilizes the following classifications to categorize the financial transaction:

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

1-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.

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

Unrestricted Net Position – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

Restricted – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (School District Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or through the Board delegating this responsibility to the Superintendent or Business Administrator through the budgetary process.

Unassigned – The portion of fund balance that has not been restricted, committed, or assigned for a specific purpose.

When multiple net position/fund balance classifications are available for use, it is the School District's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

In accordance with RSA 198:4-bII, *Contingency Fund*, the School District voted to retain general fund unassigned fund balance of \$400,000, which is 3.1% 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 collectability of accounts receivable, recoverability of inventory, the useful lives of capital assets, net pension liability, other postemployment benefit liability, and deferred outflows and inflows of resources related to both pension and other postemployment benefits, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

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.

NEW BOSTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 2023, \$1,128,091 of the beginning general fund unassigned fund balance was applied for this purpose, and \$50,000 was voted from unassigned fund balance to be transferred to a capital reserve fund.

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)	\$16,319,530
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
Interest earnings related to the blended expendable trust funds	6,580
Per Exhibit C-3 (GAAP Basis)	<u>\$16,326,110</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$16,802,507
Adjustments:	
Basis differences:	
Encumbrances, beginning	93,346
Encumbrances, ending	(12,637)
GASB Statement No. 54:	
To record transfer from the blended expendable trust fund to the nonmajor capital project fund	64,883
Per Exhibit C-3 (GAAP basis)	<u>\$16,948,099</u>

2-C Accounting Change

Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, was implemented during fiscal year 2023. The objective of this Statement is to better meet information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirement for subscription-based information technology arrangements (SBITAs); (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription assets (an intangible asset), and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards of SBITA are based on the standards established in Statement No. 87, *Leases*, as amended.

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DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School District's deposits are entirely covered by Federal Depository Insurance 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 \$1,693,012 and the bank balances totaled \$1,714,416.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2023, consisted of accounts and intergovernmental amounts arising from grants, school lunch program, and expendable trust funds held by the Town of 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, 2023, consisted of the following:

	Balance, beginning	Additions	Balance, ending
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	145,842	275,184
Total capital assets being depreciated	4,385,114	145,842	4,530,956
Total capital assets	4,391,884	145,842	4,537,726
Less accumulated depreciation:			
Buildings and building improvements	(3,184,685)	(55,826)	(3,240,511)
Machinery, equipment, and furnishings	(52,759)	(20,695)	(73,454)
Total accumulated depreciation	(3,237,444)	(76,521)	(3,313,965)
Net book value, capital assets being depreciated	1,147,670	69,321	1,216,991
Net book value, all capital assets	\$1,154,440	\$ 69,321	\$ 1,223,761

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	\$ 20,914
Support services:	
Operation and maintenance of plant	54,653
Noninstructional services	954
Total depreciation expense	\$ 76,521

NEW BOSTON SCHOOL DISTRICT
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NOTE 6 – INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2023, are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	\$ 21,976
Nonmajor	General	8,865
		<u>\$ 30,841</u>

Interfund transfers during the year ended June 30, 2023 are as follows:

	Transfers In
	Nonmajor
	Funds
Transfers out:	
General fund	<u>\$ 115,070</u>

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

NOTE 7 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$239,929 on June 30, 2023, consist of the following:

	Governmental Activities	Governmental Funds	
		General	Nonmajor
Balance due to the New Hampshire Retirement System	\$ 155,622	\$ 155,622	\$ -
Balance due to the Manchester School District	5,775	5,775	-
Balance due to the Goffstown School District	78,532	68,532	10,000
Total intergovernmental payables due	<u>\$ 239,929</u>	<u>\$ 229,929</u>	<u>\$ 10,000</u>

NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2023, consist of amounts related to pensions totaling \$1,687,178 and amounts related to OPEB totaling \$55,866. For further discussion on these amounts, see Notes 10 and 12, respectively.

Deferred inflows of resources at June 30, 2023, consist of the following:

	Governmental Activities	Nonmajor Funds
Grant revenue collected in advance of eligible expenditures being made	\$ 117,509	\$ 117,509
Amounts related to pensions, see Note 10	174,234	-
Total deferred inflows of resources	<u>\$ 291,743</u>	<u>\$ 117,509</u>

NOTE 9 – LONG-TERM LIABILITIES

Changes in the School District's long-term liabilities consisted of the following for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year	Due In More Than One Year
Direct borrowings - Notes/loans payable	\$ 26,817	\$ -	\$ (13,408)	\$ 13,409	\$ 13,409	\$ -
Compensated absences	197,500	16,500	(2,000)	212,000	-	212,000
Pension related liability	5,222,776	1,750,147	-	6,972,923	-	6,972,923
Net other postemployment benefits	454,422	-	(10,450)	443,972	-	443,972
Total long-term liabilities	<u>\$ 5,901,515</u>	<u>\$ 1,766,647</u>	<u>\$ (25,858)</u>	<u>\$ 7,642,304</u>	<u>\$ 13,409</u>	<u>\$ 7,628,895</u>

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Long-term notes are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2023
Direct borrowings - Notes/loans payable:					
Laptops and other equipment	\$ 8,320	2022	2024	0.00%	\$ 2,774
Laptops and other equipment	\$ 31,905	2022	2024	0.00%	10,635
Total direct borrowings					<u>\$ 13,409</u>

The annual requirements to amortize all general obligation notes outstanding as of June 30, 2023, including interest payments, are as follows:

Fiscal Year Ending June 30, 2023	Notes/Loans - Direct Borrowings		
	Principal	Interest	Total
	<u>\$ 13,409</u>	<u>\$ -</u>	<u>\$ 13,409</u>

All debt is general obligation debt of the School District, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

Benefits Provided – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

Group I benefit are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service, and benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012, the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of January 1, 2012	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

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

NEW BOSTON SCHOOL DISTRICT
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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 2023, the School District contributed 19.48% for teachers and 13.75% for other employees. The contribution requirement for the fiscal year 2023 was \$765,860, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the School District reported a liability of \$6,972,923 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2022, the School District's proportion was 0.12%, which was the same as its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized pension expense of \$738,953. At June 30, 2023, 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	\$ 155,280	\$ 147,466
Net difference between projected and actual investment earnings on pension plan investments	264,265	-
Changes in assumptions	370,904	-
Differences between expected and actual experience	130,869	26,768
Contributions subsequent to the measurement date	765,860	-
Total	<u>\$ 1,687,178</u>	<u>\$ 174,234</u>

The \$765,860 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, 2024. 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,	
2023	\$ 252,535
2024	226,164
2025	(128,882)
2026	397,267
Thereafter	-
Totals	<u>\$ 747,084</u>

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:	5.4% 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, 2021, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

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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.

Following is a table presenting target allocations and long-term rates of return for 2021:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	20.00%	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	3.60%
Inflation	0.00%	2.25%
Total	100.00%	7.30%

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, 2022	\$ 9,355,905	\$ 6,972,923	\$ 4,991,695

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, 2023, were \$61,550.

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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 2022 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 2022 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 2022, 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 2023, the School District contributed 1.54% for teachers and 0.31% for other employees. The contribution requirement for the fiscal year 2023 was \$54,653, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2023, the School District reported a liability of \$443,972 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The School District’s proportion of the net OPEB liability was based on a projection of the School District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2022, the School District’s proportion was 0.12%, which was an increase of 0.01% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized OPEB expense of \$31,907. At June 30, 2023, 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
Differences between expected and actual experience	\$ 1,213	\$ -
Contributions subsequent to the measurement date	54,653	-
Total	<u>\$ 55,866</u>	<u>\$ -</u>

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The \$54,653 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, 2024. 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,	
2023	\$ 202
2024	52
2025	(477)
2026	1,436
Thereafter	-
Totals	<u>\$1,213</u>

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2021, and a measurement date of June 30, 2022. 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:	5.4% 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, 2021, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

Long-term Rates of Return – The long-term expected rate of return on OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2022:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	20.00%	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	
Inflation	0.00%	2.25%
Total	<u>100.00%</u>	<u>7.30%</u>

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Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2022, 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, 2022	\$ 482,008	\$ 443,972	\$ 410,847

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, 2023, 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.

NOTE 13 - ENCUMBRANCES

Encumbrances outstanding in the general fund at June 30, 2023, are as follows:

Current:	
Instruction:	
Regular programs	\$ 8,403
Support services:	
Operation and maintenance of plant	4,234
Total encumbrances	<u>\$ 12,637</u>

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NOTE 14 – GOVERNMENTAL ACTIVITIES NET POSITION

Net position reported on the government-wide Statement of Net Position at June 30, 2023, include the following:

	Governmental Activities
Net investment in capital assets:	
Net book value of all capital assets	\$ 1,223,761
Less:	
Notes/loans payable	(13,409)
Total net investment in capital assets	1,210,352
Restricted net position:	
Food service	56,653
Unrestricted	(4,291,292)
Total net position	\$ (3,024,287)

NOTE 15 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2023, consist of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Inventory	\$ 11,038	\$ -	\$ 11,038
Prepaid items	6,002	-	6,002
Total nonspendable fund balance	17,040	-	17,040
Restricted:			
Food service	-	56,653	56,653
Committed:			
Expendable trust	371,698	-	371,698
Voted appropriation - March 2023	150,000	-	150,000
Total committed fund balance	521,698	-	521,698
Assigned:			
Encumbrances	12,637	-	12,637
Retained (RSA 198:4-bII)	400,000	-	400,000
Student activities	-	54,168	54,168
Total assigned fund balance	412,637	54,168	466,805
Unassigned	763,250	-	763,250
Total governmental fund balances	\$ 1,714,625	\$ 110,821	\$ 1,825,446

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 2023, 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, 2022 to June 30, 2023 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

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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 2022-23 the School District paid \$12,099 and \$20,226, respectively, to Primex³ for workers' compensation and property/liability. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

The School District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 17 – CAFETERIA BENEFIT PLAN

Effective July 1, 2022, 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. Medical Insurance Premium Account;
2. Out of Pocket Medical Spending Account; or
3. Dependent Care Spending 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 \$2,850 into the Medical 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 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through December 28, 2023, the date the June 30, 2023, 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, 2023
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	June 30, 2023
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	June 30, 2022
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%	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	\$6,972,923
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	\$3,847,807
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%	181.22%
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%	65.12%

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, 2023
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	June 30, 2023
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	June 30, 2022
Contractually required contribution	\$ 282,223	\$ 375,711	\$ 377,763	\$ 413,165	\$ 423,719	\$ 518,462	\$ 532,238	\$ 540,317	\$ 704,043	\$ 765,860
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)	(765,860)
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	\$4,154,596
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%	18.43%

NEW BOSTON SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

***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 – Salary increases changed from 5.4% to 5.6% in 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, 2023. 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, 2023
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
School District's proportion of the net OPEB liability	0.14%	0.14%	0.11%	0.11%	0.12%	0.11%	0.12%
School District's proportionate share of the net OPEB liability (asset)	\$ 656,439	\$ 633,755	\$ 498,017	\$ 475,859	\$ 512,382	\$ 454,422	\$ 443,972
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	\$3,847,807
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%	11.54%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%	10.64%

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

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, 2023
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 78,791	\$ 82,152	\$ 48,114	\$ 49,534	\$ 54,393	\$ 49,487	\$ 54,654
Contributions in relation to the contractually required contribution	(78,791)	(82,152)	(48,114)	(49,534)	(54,393)	(49,487)	(54,654)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$3,360,879	\$3,437,822	\$3,528,618	\$3,650,361	\$3,608,821	\$3,847,807	\$4,154,596
Contributions as a percentage of covered payroll	2.34%	2.39%	1.36%	1.36%	1.51%	1.29%	1.32%

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, 2023

***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 – Salary increases changed from 5.4% to 5.6% in 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, 2023. 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, 2023

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 11,887,212	\$ 11,887,212	\$ -
Other local sources:			
Tuition	8,000	24,729	16,729
Investment earnings	2,000	81,470	79,470
Miscellaneous	1,500	8,059	6,559
Total from other local sources	11,500	114,258	102,758
State sources:			
Adequacy aid (grant)	3,199,993	3,199,993	-
Adequacy aid (tax)	990,497	990,497	-
Catastrophic aid	25,000	66,125	41,125
Other state aid	2,193	51,410	49,217
Total from state sources	4,217,683	4,308,025	90,342
Federal sources:			
Medicaid	10,000	10,035	35
Other financing sources:			
Transfers in	2,909	-	(2,909)
Total revenues and other financing sources	16,129,304	\$ 16,319,530	\$ 190,226
Use of fund balance to reduce school district assessment	1,128,091		
Use of fund balance - appropriated	50,000		
Total revenues, other financing sources, and use of fund balance	\$ 17,307,395		

See Independent Auditor's Report.

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, 2023

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 16,125	\$ 11,353,228	\$ 10,988,017	\$ 8,403	\$ 372,933
Special programs	2,346	2,294,217	2,279,879	-	16,684
Other programs	-	83,257	98,646	-	(15,389)
Total instruction	<u>18,471</u>	<u>13,730,702</u>	<u>13,366,542</u>	<u>8,403</u>	<u>374,228</u>
Support services:					
Student	-	561,194	501,604	-	59,590
Instructional staff	-	265,571	241,243	-	24,328
General administration	-	39,067	28,149	-	10,918
Executive administration	-	620,244	620,244	-	-
School administration	-	548,691	534,078	-	14,613
Operation and maintenance of plant	74,875	521,758	638,480	4,234	(46,081)
Student transportation	-	970,162	901,688	-	68,474
Total support services	<u>74,875</u>	<u>3,526,687</u>	<u>3,465,486</u>	<u>4,234</u>	<u>131,842</u>
Facilities acquisition and construction	-	4	1,001	-	(997)
Other financing uses:					
Transfers out	-	50,002	50,187	-	(185)
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 93,346</u>	<u>\$ 17,307,395</u>	<u>\$ 16,883,216</u>	<u>\$ 12,637</u>	<u>\$ 504,888</u>

See Independent Auditor's Report.

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, 2023

Unassigned fund balance, beginning		\$ 1,128,091
Changes:		
Unassigned fund balance used to reduce school district assessment		(1,128,091)
Unassigned fund balance appropriated for use in 2022-2023		(50,000)
2022-2023 Budget summary:		
Revenue surplus (Schedule 1)	\$ 190,226	
Unexpended balance of appropriations (Schedule 2)	<u>504,888</u>	
2022-2023 Budget surplus		695,114
Increase in nonspendable fund balance		(6,864)
Increase in committed fund balance		(100,000)
Decrease in assigned (non-encumbrance) fund balance		<u>225,000</u>
Unassigned fund balance, ending		<u><u>\$ 763,250</u></u>

SCHEDULE 4
NEW BOSTON SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023

	Special Revenue Funds			Capital Project Fund	Total
	Grants	Food Service	Student Activity		
ASSETS					
Cash and cash equivalents	\$ -	\$ 55,609	\$ 54,168	\$ -	\$ 109,777
Accounts receivable	-	36	-	-	36
Intergovernmental receivable	150,904	10,867	-	4,950	166,721
Interfund receivable	-	-	-	8,865	8,865
Total assets	<u>\$ 150,904</u>	<u>\$ 66,512</u>	<u>\$ 54,168</u>	<u>\$ 13,815</u>	<u>\$ 285,399</u>
LIABILITIES					
Accounts payable	\$ 992	\$ 9,150	\$ -	\$ 13,815	\$ 23,957
Accrued salaries and benefits	678	458	-	-	1,136
Intergovernmental payable	10,000	-	-	-	10,000
Interfund payable	21,976	-	-	-	21,976
Total liabilities	<u>33,646</u>	<u>9,608</u>	<u>-</u>	<u>13,815</u>	<u>57,069</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants	<u>117,258</u>	<u>251</u>	<u>-</u>	<u>-</u>	<u>117,509</u>
FUND BALANCES					
Restricted	-	56,653	-	-	56,653
Assigned	-	-	54,168	-	54,168
Total fund balances	<u>-</u>	<u>56,653</u>	<u>54,168</u>	<u>-</u>	<u>110,821</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 150,904</u>	<u>\$ 66,512</u>	<u>\$ 54,168</u>	<u>\$ 13,815</u>	<u>\$ 285,399</u>

See Independent Auditor's Report.

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, 2023

	Special Revenue Funds			Capital Project Fund	Total
	Grants	Food Service	Student Activity		
REVENUES					
Other local	\$ 7,126	\$ 115,412	\$ 46,891	\$ -	\$ 169,429
State	-	2,884	-	-	2,884
Federal	571,998	84,110	-	-	656,108
Total revenues	579,124	202,406	46,891	-	828,421
EXPENDITURES					
Current:					
Instruction	253,974	-	41,478	82,812	378,264
Support services:					
Student	2,484	-	-	-	2,484
Instructional staff	28,764	-	-	-	28,764
Executive administration	556	-	-	-	556
School administration	1,582	-	-	-	1,582
Operation and maintenance of plant	71,124	-	-	32,071	103,195
Noninstructional services	-	250,330	-	-	250,330
Facilities acquisition and construction	220,640	-	-	-	220,640
Total expenditures	579,124	250,330	41,478	114,883	985,815
Excess (deficiency) of revenues over (under) expenditures	-	(47,924)	5,413	(114,883)	(157,394)
OTHER FINANCING SOURCES					
Transfers in	-	187	-	114,883	115,070
Net change in fund balances	-	(47,737)	5,413	-	(42,324)
Fund balances, beginning	-	104,390	48,755	-	153,145
Fund balances, ending	\$ -	\$ 56,653	\$ 54,168	\$ -	\$ 110,821

See Independent Auditor's Report.