

**HAMPTON FALLS SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

**HAMPTON FALLS SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

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# PLODZIK & SANDERSON

*Professional Association/Certified Public Accountants*

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX- 603-224-1380

## ***INDEPENDENT AUDITOR'S REPORT***

To the Members of the School Board  
Hampton Falls School District  
Hampton Falls, New Hampshire

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hampton Falls School District, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the major general and grant funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***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 Hampton Falls School District's management is responsible for the preparation and fair presentation of the 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 Hampton Falls 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.

**Hampton Falls School District  
Independent Auditor's Report**

**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 generally accepted auditing standards, 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 Hampton Falls\_ 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 Hampton Falls 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,
- Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios, 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 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 Hampton Falls School District's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules are the responsibility of management and was derived from and relates 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

***Hampton Falls School District  
Independent Auditor's Report***

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

January 12, 2024  
Concord, New Hampshire

*Blodzik & Sanderson  
Professional Association*

**HAMPTON FALLS SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED**  
**JUNE 30, 2023**

As management of New Hampshire School Administrative Unit (SAU) #21, the Hampton Falls School District (the District), we offer readers of the District's annual financial statements this narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. This discussion and analysis is prepared in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 34 (GASBS-34).

This section is a summary of the District's financial activities based on currently known facts, decisions, and conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and we encourage readers to consider the information presented here in conjunction with additional information found within the body of the annual financial statements.

**FINANCIAL HIGHLIGHTS**

- The District's total net position for the year ending June 30, 2023, was (\$67,527). Net position increased by \$248,638 or 78.64% between July 1, 2022 and June 30, 2023. The District's total net position consisted of \$4,302,054 in the net investment in capital assets, \$444 in restricted net position and an unrestricted net position balance of (\$4,370,025).
- The District's total liabilities of \$9,727,341 consisted of obligations (due in more than one year) for bonds and unamortized bond premium totaling \$3,628,583, compensated absences and other postemployment benefits totaling \$670,532, and net pension liability of \$5,325,775.
- During the year, the District's expenses totaled \$6,939,404, with 48.20% for instruction (\$3,344,505).
- Total revenues were \$7,188,042 and consist of charges for services, operating and capital grants restricted for specific programs, and general revenues (consisting of local and state property tax assessments and grants and contributions not restricted to specific programs). Local assessments generate 80.40% of the District's revenue.
- The food service program experienced a year-end deficit of (\$47,059) with the difference funded from the general fund.
- The fiscal year end balances for the governmental fund were categorized as follows:
  - Nonspendable = \$3,797
  - Restricted = \$444
  - Committed = \$620,903
  - Assigned = \$91,886
  - Unassigned = \$143,371
- Student enrollment increased by 3 students. Enrollment totaled 182 as of October 1, 2021 and 185 as of October 1, 2022.

**HAMPTON FALLS SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2023**

**OVERVIEW OF FINANCIAL STATEMENTS**

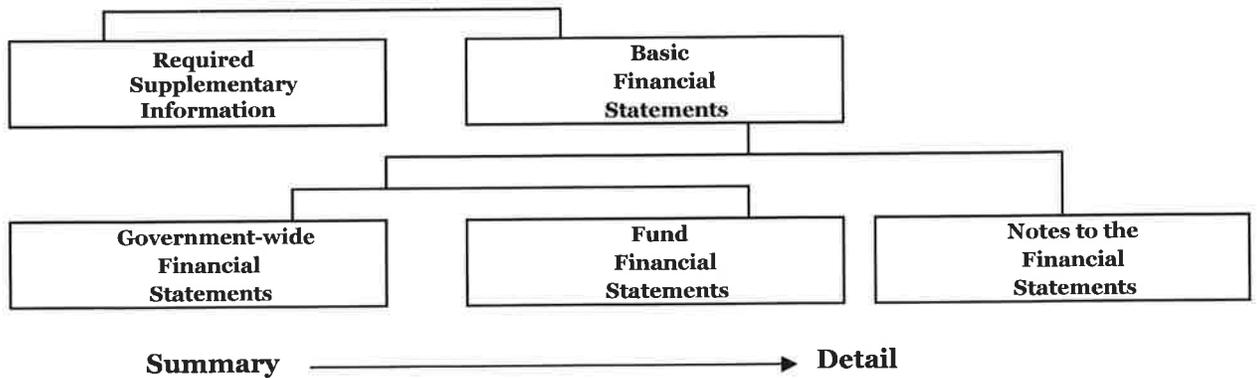
This discussion and analysis is intended to serve as an introduction to the District's annual financial report, which consists of basic financial statements, notes, and related financial/compliance information. Our annual financial report consists of four elements: 1) government-wide financial statements; 2) fund financial statements 3) notes to the financial statements; and 4) required supplemental information including this discussion and analysis. This report also contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the District based upon measurement focus and basis of accounting.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental funds statements tell how the District's services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The following exhibit shows how the required parts of this annual report are arranged and related to one another.

**Required Components of the Annual Financial Report  
Figure 1**



**HAMPTON FALLS SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED**  
**JUNE 30, 2023**

**Figure 2**

	Government-Wide	Fund Statements	
		Governmental	Fiduciary
<b>SCOPE</b>	Entire District government (except fiduciary funds)	All activities of the District that are not proprietary or fiduciary	Instances in which the District is the trustee or agent for someone else's resources
<b>REQUIRED FINANCIAL STATEMENTS</b>	Statement of Net Position	Balance Sheet	Statement of Fiduciary Net Position
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Changes in Fiduciary Net Position
<b>ACCOUNTING BASIS</b>	Accrual	Modified Accrual	Accrual
<b>MEASUREMENT FOCUS</b>	Economic Resources	Current Financial Resources	Economic Resources
<b>TYPE OF INFORMATION ASSETS AND LIABILITIES</b>	All assets and liabilities, both financial and capital, short-term and long-term, including deferred outflows and inflows of resources	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both short-term and long-term
<b>TYPE OF INFORMATION REVENUES, EXPENSES, AND EXPENDITURES</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All additions and deductions during the year, regardless of when cash is received or paid

**HAMPTON FALLS SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED**  
**JUNE 30, 2023**

The remainder of this overview section of MD&A explains the structure and contents of each of the statements:

**Government-wide Financial Statements**

The government-wide financial statements show functions of the District that are principally supported by property taxes and intergovernmental revenues as "governmental activities." Intergovernmental revenues include local, state and federal monies. The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Taxes and intergovernmental revenues also support fixed assets and related debt.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements focus on the individual parts of the government and report the District's operations in more detail than the government-wide statements. Fund definitions are part of a state mandated uniform accounting system and chart of accounts for all New Hampshire school districts. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District reports governmental funds. Only those governmental activities that are considered significant or "major" funds are reported in individual columns in the fund financial statements.

The District's basic services are accounted for in the governmental funds and include the general, and special revenue funds (federal grant fund, food service fund, and student activity fund).

**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.

**HAMPTON FALLS SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2023**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's net position totaled (\$67,527) at June 30, 2023, an increase of \$248,638 from the previous fiscal year.

The largest portion of the District's net position reflects the unfunded liabilities at the State Retirement System. 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 resources, since the capital assets themselves generally cannot be used to liquidate these liabilities. A condensed version of the District's Statement of Net Position is shown below.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. Summaries of the capital assets, depreciation and long-term debt obligations can be found in the Notes to Financial Statements. Depreciation is included by accounting convention thus the depreciated value of a District asset, as reflected in these reports, does not reflect an asset's useful, market or replacement value.

Hampton Falls School District Governmental Activities Summary of Net Position Two Year Comparison				
	2023	2022	Change 2022-2023	% Change 2022-2023
<b>Assets</b>				
Current Assets	\$911,221	\$ 1,072,486	\$ (161,265)	-15.04%
Capital Assets	7,930,637	7,901,847	28,790	0.36%
Total Assets	<u>8,841,858</u>	<u>8,974,333</u>	<u>(132,475)</u>	<u>-1.48%</u>
Deferred Outflows of Resources	<u>1,241,922</u>	<u>1,328,466</u>	<u>(86,544)</u>	<u>-6.51%</u>
<b>Liabilities</b>				
Other Liabilities	\$102,451	453,720	(351,269)	-77.42%
Long Term Liabilities	<u>9,624,890</u>	<u>8,712,830</u>	<u>912,060</u>	<u>10.47%</u>
Total Liabilities	<u>9,727,341</u>	<u>9,166,550</u>	<u>560,791</u>	<u>6.12%</u>
Deferred Inflows of Resources	<u>423,966</u>	<u>1,452,414</u>	<u>(1,028,448)</u>	<u>-70.81%</u>
Net Investment in Capital Assets	4,302,054	4,028,327	273,727	-6.80%
Restricted	444	444	-	0.00%
Unrestricted Net Position	<u>(4,370,025)</u>	<u>(4,344,936)</u>	<u>(25,089)</u>	<u>-0.58%</u>
Total Net Position	<u>\$ (67,527)</u>	<u>\$ (316,165)</u>	<u>\$ 248,638</u>	<u>78.64%</u>

**HAMPTON FALLS SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2023**

**Statement of Activities**

80.40% of the District's total revenues come from the school district assessment while 10.91% is derived from grants and contributions not restricted to specific programs. The District's expenses cover a range of services, the largest of which are school instruction (48.20% of total expenses) and support services (47.67% of total expenses). Below is a condensed version of the District's Statement of Activities followed by charts showing the breakdown of the District's total expenses and revenue.

Hampton Falls School District				
Governmental Activities				
Statement of Activities				
Two Year Comparison				
	June 30, 2023	June 30, 2022	Change	Change in %
<b>Revenues</b>				
<b>Program Revenue</b>				
Charges for Services	\$ 142,811	\$ 16,746	\$ 126,065	752.81%
Operating Grants & Contributions	287,790	313,947	(26,157)	-8.33%
<b>General Revenue</b>				
School District Assessment	5,923,088	5,698,930	224,158	3.93%
Unrestricted Grants and Contributions	783,890	861,574	(77,684)	-9.02%
Unrestricted Investment Income	29,259	22,510	6,749	29.98%
Miscellaneous	21,204	128,781	(107,577)	-83.53%
Total Revenues	<u>7,188,042</u>	<u>7,042,488</u>	<u>145,554</u>	<u>2.07%</u>
<b>Program Expenses</b>				
Instruction	3,344,505	3,319,057	25,448	0.77%
Support Services:				
Student	129,742	121,803	7,939	6.52%
Instructional Staff	344,918	305,044	39,874	13.07%
General Administration	31,631	91,722	(60,091)	-65.51%
Executive Administration	142,312	150,493	(8,181)	-5.44%
School Administration	185,636	174,651	10,985	6.29%
Operation and Maintenance of Plant	640,061	574,292	65,769	11.45%
Student Transportation	353,102	326,831	26,271	8.04%
Other	1,480,807	1,274,777	206,030	16.16%
Noninstructional Services	159,335	160,369	(1,034)	-0.64%
Interest on Long-Term Debt	127,355	139,494	(12,139)	-8.70%
Total Expenses	<u>6,939,404</u>	<u>6,638,533</u>	<u>300,871</u>	<u>4.53%</u>
Change in Net Position	248,638	403,955	(155,317)	38.45%
Net Position, beginning, as restated	<u>(316,165)</u>	<u>(720,120)</u>	<u>403,955</u>	<u>56.10%</u>
Net Position, ending	<u>\$ (67,527)</u>	<u>\$ (316,165)</u>	<u>\$ 248,638</u>	<u>78.64%</u>

**HAMPTON FALLS SCHOOL DISTRICT**

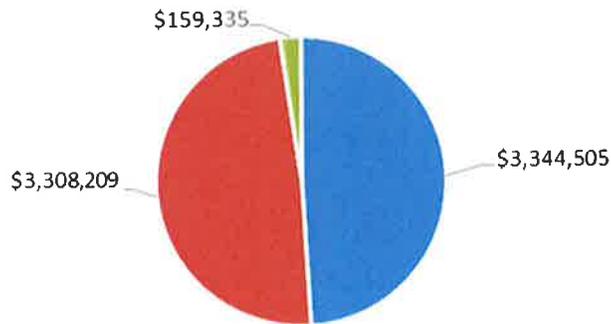
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2023**

**Hampton Falls School District Revenues  
Fiscal Year June 30, 2023**



- Program Revenue
- School District Assessment
- Unrestricted Grants and Contributions
- Unrestricted Investment Income
- Miscellaneous

**Hampton Falls School District Expenses  
Fiscal Year June 30, 2023**



- Instruction
- Support Services
- Noninstructional Services

**HAMPTON FALLS SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED**  
**JUNE 30, 2023**

**INDIVIDUAL FUND FINANCIAL ANALYSIS**

**General Fund**

The general fund is what most people think of as “the budget” since it is the focal 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 \$147,168.

The general fund is supported by \$5.92 million from local assessments, \$877 thousand from state sources, \$34 thousand from federal sources, and \$31 thousand from other local sources. General fund expenditures are primarily for instruction (\$3.23 million) and support services (\$3.16 million), as well as debt payments (\$360 thousand).

**COMMENTS ON GENERAL FUND BUDGET COMPARISONS**

- General fund actual revenues totaling \$6,864,239 exceeded budgeted revenues and use of fund balance by \$84,260 (1.24%).
  - **Local sources** totaling \$30,683 exceeded the budget by \$29,683 due to investment earnings and miscellaneous revenue.
  - **State sources** totaling \$876,823 exceeded the budget by \$42,933 due to special education aid and retirement system refund.
  - **Federal sources** totaling \$33,645 exceeded the budget by \$11,645 due to Medicaid revenue.
- General fund expenditures, including encumbrances to the subsequent year, totaling \$7,015,352 were less than appropriations totaling \$7,128,260, including encumbrances from the prior year, by \$112,908 (1.58%). Significant general fund budget variances occurred in these functions:
  - **Instruction** totaling \$3,227,634 is the largest expense of the District and was under budget by \$133,994 due to savings in salaries.
  - **Operation and maintenance of plant** totaling \$508,780 was over budget by \$50,900 primarily due to buildings costs.
  - **Student transportation** totaling \$343,119 was below budget by \$24,183 due to savings in special education transportation.
  - **Other** totaling \$1,514,957 was over budget by \$74,293 primarily due to employee benefits costs.

**HAMPTON FALLS SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2023**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

On June 30, 2023, the District reported capital assets of \$7,930,637 (net of accumulated depreciation), which consist of a broad range of capital assets, including land & improvements, construction in progress, buildings & improvements, machinery and equipment. Additions in assets totaling \$234,627 during the year include:

Floor replacement - 1947	\$54,410
Parking Lot Paving	\$133,987
Electronic Sign	\$14,999
Window Security Film	\$14,940
Sonicwall	\$9,567
Interactive Display	\$6,723

Hampton Falls School District				
Governmental Activities				
Capital Assets				
Two Year Comparison				
	Governmental Activities		Increase	% Increase
	2023	2022	(Decrease)	(Decrease)
Land	\$ 1,045,750	\$ 1,045,750	\$ -	0.00%
Building & Building Improvements	9,154,857	8,936,520	218,337	2.44%
Equipment & Vehicles	303,086	286,796	16,290	5.68%
Total Historical Costs	10,503,693	10,269,066	234,627	2.28%
Total Accumulated Depreciation	(2,573,056)	(2,367,219)	(205,837)	8.70%
Net Capital Assets	<u>\$ 7,930,637</u>	<u>\$ 7,901,847</u>	<u>\$ 28,790</u>	<u>0.36%</u>

**HAMPTON FALLS SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED  
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**Long-Term Debt**

The table below illustrates the long-term debt of the District as of June 30, 2023. The District has a bond for renovations and expansion of the facility. The compensated balances were calculated on vacation days for all eligible employees and sick days for those employees eligible for compensation at retirement. With the approval of GASB 75, all local governments are required to calculate the costs associated with post-employment benefits. Note 11 provides a summary calculation of the net OPEB obligation. In accordance with GASB 68, the calculated value of the unfunded state retirement assigned to the District for FY 2023 is noted, Note 10.

Hampton Falls School District				
Governmental Activities				
Long Term Debt				
Two Year Comparison				
	Governmental Activities		Increase	% Increase
	2023	2022	(Decrease)	(Decrease)
General Obligation Bonds	\$ 3,628,583	\$ 3,856,270	\$ (227,687)	-5.90%
Note Payable	-	17,250	(17,250)	-100.00%
Compensated Absences	146,734	156,915	(10,181)	-6.49%
Other Postemployment Benefits	523,798	571,625	(47,827)	-8.37%
Net Pension Liability	5,325,775	4,355,707	970,068	22.27%
<b>Total Long Term Debt</b>	<b>\$ 9,624,890</b>	<b>\$ 8,957,767</b>	<b>\$ 667,123</b>	<b>7.45%</b>

**FUTURE BUDGETARY IMPLICATONS**

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

- The State shifting cost responsibilities to local governments may have an impact on taxation calculations.
- On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a global pandemic. It is anticipated that the impact of the pandemic will continue for some time. As a result, economic uncertainties have arisen which could have a financial impact on the School District, though such an impact is unknown at this time.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens and creditors with a general overview of the District's finances and to show accountability for the money it receives. If you have questions about the report or would like to request additional information, contact Matthew Ferreira, Associate Superintendent for Finance and Operations for SAU #21 located at 2 Alumni Drive, Hampton, New Hampshire 03842, via phone at 603-926-8992 ext. 107 or email at [mferreira@sau21.org](mailto:mferreira@sau21.org).

***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**HAMPTON FALLS SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2023**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 250,473
Accounts receivables	6,593
Intergovernmental receivable	650,358
Inventory	3,797
Capital assets, not being depreciated	1,045,750
Capital assets, net of accumulated depreciation	6,884,887
Total assets	8,841,858
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	1,196,413
Amounts related to other postemployment benefits	45,509
Total deferred outflows of resources	1,241,922
<b>LIABILITIES</b>	
Accounts payable	11,515
Accrued salaries and benefits payable	13,647
Intergovernmental payable	25,658
Accrued interest payable	51,631
Noncurrent obligations:	
Due within one year	242,687
Due in more than one year	9,382,203
Total liabilities	9,727,341
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Amounts related to pensions	309,208
Amounts related to other postemployment benefits	114,758
Total deferred inflows of resources	423,966
<b>NET POSITION</b>	
Net investment in capital assets	4,302,054
Restricted	444
Unrestricted	(4,370,025)
Total net position	\$ (67,527)

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

**EXHIBIT B**  
**HAMPTON FALLS SCHOOL DISTRICT**  
*Statement of Activities*  
**For the Fiscal Year Ended June 30, 2023**

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 3,344,505	\$ 73,367	\$ 191,751	\$ (3,079,387)
Support services:				
Student	129,742	-	-	(129,742)
Instructional staff	344,918	-	37,329	(307,589)
General administration	31,631	-	-	(31,631)
Executive administration	142,312	-	-	(142,312)
School administration	185,636	-	-	(185,636)
Operation and maintenance of plant	640,061	-	15,878	(624,183)
Student transportation	353,102	-	-	(353,102)
Other	1,480,807	-	-	(1,480,807)
Noninstructional services	159,335	69,444	42,832	(47,059)
Interest on long-term debt	127,355	-	-	(127,355)
Total governmental activities	<u>\$ 6,939,404</u>	<u>\$ 142,811</u>	<u>\$ 287,790</u>	<u>\$ (6,508,803)</u>
General revenues and contributions:				
School district assessment				5,923,088
Grants and contributions not restricted to specific programs				783,890
Interest				29,259
Miscellaneous				21,204
Total general revenues and contributions				<u>6,757,441</u>
Change in net position				248,638
Net position, beginning				(316,165)
Net position, ending				<u>\$ (67,527)</u>

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

**EXHIBIT C-1**  
**HAMPTON FALLS SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2023**

	General	Grants	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 231,358	\$ -	\$ 19,115	\$ 250,473
Accounts receivable	6,593	-	-	6,593
Intergovernmental receivable	623,041	27,317	-	650,358
Interfund receivables	27,959	-	-	27,959
Inventory	-	-	3,797	3,797
<b>Total assets</b>	<b>\$ 888,951</b>	<b>\$ 27,317</b>	<b>\$ 22,912</b>	<b>\$ 939,180</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 8,360	\$ -	\$ 3,155	\$ 11,515
Accrued salaries and benefits payable	13,647	-	-	13,647
Intergovernmental payable	25,658	-	-	25,658
Interfund payable	-	27,317	642	27,959
<b>Total liabilities</b>	<b>47,665</b>	<b>27,317</b>	<b>3,797</b>	<b>78,779</b>
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable	-	-	3,797	3,797
Restricted	444	-	-	444
Committed	620,903	-	-	620,903
Assigned	72,771	-	19,115	91,886
Unassigned (deficit)	147,168	-	(3,797)	143,371
<b>Total fund balances</b>	<b>841,286</b>	<b>-</b>	<b>19,115</b>	<b>860,401</b>
<b>Total liabilities and fund balances</b>	<b>\$ 888,951</b>	<b>\$ 27,317</b>	<b>\$ 22,912</b>	<b>\$ 939,180</b>

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

**EXHIBIT C-2**  
**HAMPTON FALLS 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)		\$ 860,401
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	\$ 10,503,693	
Less accumulated depreciation	<u>(2,573,056)</u>	7,930,637
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	\$ 1,196,413	
Deferred inflows of resources related to pensions	(309,208)	
Deferred outflows of resources related to OPEB	45,509	
Deferred inflows of resources related to OPEB	<u>(114,758)</u>	817,956
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (27,959)	
Payables	<u>27,959</u>	-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(51,631)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds/notes	\$ 3,455,000	
Unamortized bond premium	173,583	
Compensated absences	146,734	
Net pension liability	5,325,775	
Other postemployment benefits	<u>523,798</u>	(9,624,890)
Net position of governmental activities (Exhibit A)		<u><u>\$ (67,527)</u></u>

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

**EXHIBIT C-3**  
**HAMPTON FALLS SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2023**

	General	Grants	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
School district assessment	\$ 5,923,088	\$ -	\$ -	\$ 5,923,088
Other local	50,463	-	142,811	193,274
State	876,823	-	1,288	878,111
Federal	33,645	118,380	41,544	193,569
Total revenues	<u>6,884,019</u>	<u>118,380</u>	<u>185,643</u>	<u>7,188,042</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	3,232,421	65,173	71,590	3,369,184
Support services:				
Student	125,291	-	-	125,291
Instructional staff	307,107	37,329	-	344,436
General administration	31,631	-	-	31,631
Executive administration	142,312	-	-	142,312
School administration	181,627	-	-	181,627
Operation and maintenance of plant	525,180	656	-	525,836
Student transportation	353,102	-	-	353,102
Other	1,514,957	-	-	1,514,957
Noninstructional services	-	-	159,335	159,335
Debt service:				
Principal	215,000	-	-	215,000
Interest	145,427	-	-	145,427
Facilities acquisition and construction	125,000	15,222	-	140,222
Total expenditures	<u>6,899,055</u>	<u>118,380</u>	<u>230,925</u>	<u>7,248,360</u>
Deficiency of revenues under expenditures	<u>(15,036)</u>	<u>-</u>	<u>(45,282)</u>	<u>(60,318)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	47,059	47,059
Transfers out	(47,059)	-	-	(47,059)
Total other financing sources (uses)	<u>(47,059)</u>	<u>-</u>	<u>47,059</u>	<u>-</u>
Net change in fund balances	(62,095)	-	1,777	(60,318)
Fund balances, beginning	903,381	-	17,338	920,719
Fund balances, ending	<u>\$ 841,286</u>	<u>\$ -</u>	<u>\$ 19,115</u>	<u>\$ 860,401</u>

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

**EXHIBIT C-4**  
**HAMPTON FALLS 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)		\$ (60,318)
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	\$ 234,627	
Depreciation expense	<u>(205,837)</u>	28,790
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (47,059)	
Transfers out	<u>47,059</u>	-
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal repayment of bonds and note	\$ 232,250	
Amortization of bond premium	<u>12,687</u>	244,937
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 5,385	
Decrease in compensated absences payable	10,181	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	(13,771)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>33,434</u>	35,229
Change in net position of governmental activities (Exhibit B)		<u><u>\$ 248,638</u></u>

**EXHIBIT D-1**  
**HAMPTON FALLS 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**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
School district assessment	\$ 5,923,089	\$ 5,923,089	\$ -
Other local	1,000	30,682	29,682
State	833,890	876,823	42,933
Federal	22,000	33,645	11,645
Total revenues	<u>6,779,979</u>	<u>6,864,239</u>	<u>84,260</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	3,361,628	3,227,634	133,994
Support services:			
Student	121,866	125,291	(3,425)
Instructional staff	314,308	307,545	6,763
General administration	41,333	31,601	9,732
Executive administration	142,312	142,312	-
School administration	183,833	181,627	2,206
Operation and maintenance of plant	457,880	508,780	(50,900)
Student transportation	367,302	343,119	24,183
Other	1,440,664	1,514,957	(74,293)
Debt service:			
Principal	215,000	215,000	-
Interest	147,396	145,427	1,969
Facilities acquisition and construction	125,000	125,000	-
Total expenditures	<u>6,918,522</u>	<u>6,868,293</u>	<u>50,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(138,543)</u>	<u>(4,054)</u>	<u>134,489</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(209,738)</u>	<u>(147,059)</u>	<u>62,679</u>
Net change in fund balance	<u>\$ (348,281)</u>	<u>(151,113)</u>	<u>\$ 197,168</u>
Decrease in committed fund balance		100,000	
Increase in assigned (non-encumbrance) fund balance		(50,000)	
Unassigned fund balance, beginning		248,281	
Unassigned fund balance, ending		<u>\$ 147,168</u>	

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

**EXHIBIT D-2**  
**HAMPTON FALLS SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (GAAP Basis)**  
**Grants Fund**  
**For the Fiscal Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal	\$ -	\$ 118,380	\$ 118,380	\$ -
<b>EXPENDITURES</b>				
Current:				
Instruction	-	65,173	65,173	-
Support services:				
Instructional staff	-	37,329	37,329	-
Operation and maintenance of plant	-	656	656	-
Facilities acquisition and construction	-	15,222	15,222	-
Total expenditures	-	118,380	118,380	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning			-	
Fund balance, ending			\$ -	

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

**HAMPTON FALLS SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

	<u>NOTE</u>
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**HAMPTON FALLS SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Hampton Falls School District, in Hampton Falls, 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 Hampton Falls 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. 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 note. 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

**HAMPTON FALLS SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

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 funds:

**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, support services, debt service, and facilities acquisition and construction. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* guidance, the district student activity and expendable trust funds are consolidated in the general fund.

**Grants Fund** – accounts for the resources received from various federal and state agencies. The resources are restricted to accomplishing the various objectives of the grantor agencies.

**Nonmajor Funds** – The School District also reports two 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. 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 food service supplies commodities, etc. 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).

**HAMPTON FALLS SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

**1-G 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 for all asset classes except for infrastructure assets which are capitalized if over \$100,000 per item and an estimated useful life in excess of five years for capitalization of depreciable assets. 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:

<b>Capital Asset Class:</b>	<u>Years</u>
Buildings and building improvements	20 - 80
Machinery, equipment, and vehicles	5 - 10

**1-H 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-I 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-J 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 and OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

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***1-K 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. Bond premiums are deferred and amortized over the life of the bond using the straight-line method.

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

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

**Direct Placements** – financial transactions for the sale of bonds where the School District engages with a single buyer or limited number of buyers without a public offering.

***1-L Compensated Absences***

General leave for the School District includes vacation, sick, and 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-M 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-N 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*** – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the School District's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

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***1-O 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 bonds, or other debt attributable to the acquisition, construction, or improvement of those assets.

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

**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.

***1-P 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.

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**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 food service fund. However, the School Board has voted and accepted the federal grants awarded to the District through the year, so these amounts are reported as a final budget for the grants fund, which is also reported as a major fund. Except as reconciled below, the budget was adopted on a basis consistent with United States generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2023, \$248,281 of the beginning general fund unassigned fund balance was applied for this purpose. Additionally, \$100,000 was appropriated to fund the School District’s capital reserve funds.

**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 major grants fund. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues:	
Per Exhibit D-1 (budgetary basis)	\$6,864,239
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
Interest earnings related to the blended expendable trust funds	12,573
Other State and local revenue of the blended funds	7,207
Per Exhibit C-3 (GAAP Basis)	<u>\$6,884,019</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$7,015,352
Adjustments:	
Basis differences:	
Encumbrances, beginning	46,326
Encumbrances, ending	(22,771)
GASB Statement No. 54:	
Expenditures of the blended expendable trust funds	7,207
To remove transfer from the general fund to the blended expendable trust fund	(100,000)
Per Exhibit C-3 (GAAP basis)	<u>\$6,946,114</u>

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**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. The School District has assessed all potential agreements that may be applicable for reporting under GASB Statement No. 96 and have determined that none of the agreements have met the requirements of the pronouncement.

**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 \$250,473 and the bank balances totaled \$332,061. Petty cash totaled \$229.

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2023, consisted of accounts and intergovernmental amounts arising from grants and expendable trust funds held by the Town of Hampton Falls 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:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Balance, ending</u>
At cost:			
Not being depreciated:			
Land	\$ 1,045,750	\$ -	\$ 1,045,750
Being depreciated:			
Buildings and building improvements	8,936,520	218,337	9,154,857
Machinery, equipment, and vehicles	286,796	16,290	303,086
Total capital assets being depreciated	<u>9,223,316</u>	<u>234,627</u>	<u>9,457,943</u>
Total capital assets	<u>10,269,066</u>	<u>234,627</u>	<u>10,503,693</u>
Less accumulated depreciation:			
Buildings and building improvements	(2,170,802)	(184,751)	(2,355,553)
Machinery, equipment, and vehicles	(196,417)	(21,086)	(217,503)
Total accumulated depreciation:	<u>(2,367,219)</u>	<u>(205,837)</u>	<u>(2,573,056)</u>
Net book value, capital assets being depreciated	<u>6,856,097</u>	<u>28,790</u>	<u>6,884,887</u>
Net book value, all capital assets	<u>\$ 7,901,847</u>	<u>\$ 28,790</u>	<u>\$ 7,930,637</u>

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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	\$ 4,288
Operation and maintenance of plant	201,549
Total depreciation expense	\$ 205,837

**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	Grants	\$ 27,317
General	Nonmajor	642
		\$ 27,959

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

	Transfers In:
	Nonmajor
	Fund
Transfers out:	
General fund	\$ 47,059

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 authorizations.

**NOTE 7 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments of \$25,658 at June 30, 2023, consist of the following:

Balance due to the School Administrative Unit No. 25 for tuition	\$25,658
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**NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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

	Governmental
	Activities
Amounts related to pensions, see Note 10	\$ 1,196,413
Amounts related to OPEB, see Note 11	45,509
Total deferred inflows of resources	\$ 1,241,922

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

	Governmental
	Activities
Amounts related to pensions, see Note 10	\$ 309,208
Amounts related to OPEB, see Note 11	114,758
Total deferred inflows of resources	\$ 423,966

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**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 placements - bonds payable	\$ 3,670,000	\$ -	\$ (215,000)	\$ 3,455,000	\$ 230,000	\$ 3,225,000
Direct borrowing - note payable	17,250	-	(17,250)	-	-	-
Premium	186,270	-	(12,687)	173,583	12,687	160,896
Total bonds/note payable	3,873,520	-	(244,937)	3,628,583	242,687	3,385,896
Compensated absences	156,915	16,023	(26,204)	146,734	-	146,734
Pension related liability	4,355,707	970,068	-	5,325,775	-	5,325,775
Net other postemployment benefits	571,625	-	(47,827)	523,798	-	523,798
Total long-term liabilities	<u>\$ 8,957,767</u>	<u>\$ 986,091</u>	<u>\$ (318,968)</u>	<u>\$ 9,624,890</u>	<u>\$ 242,687</u>	<u>\$ 9,382,203</u>

Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2023
Bonds payable - direct placements:					
Land acquisition	\$ 1,168,000	2005	2025	3.05-5.00%	\$ 175,000
School renovations	\$ 3,787,800	2018	2039	3.35%	3,280,000
Total direct placements					<u>\$ 3,455,000</u>

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

Fiscal Year Ending June 30,	Bonds - Direct Placements		
	Principal	Interest	Total
2024	\$ 230,000	\$ 134,131	\$ 364,131
2025	240,000	122,359	362,359
2026	160,000	113,843	273,843
2027	165,000	105,555	270,555
2028	175,000	96,885	271,885
2029-2033	1,010,000	355,863	1,365,863
2034-2038	1,205,000	164,253	1,369,253
2039	270,000	5,029	275,029
Totals	<u>\$3,455,000</u>	<u>\$1,097,918</u>	<u>\$4,552,918</u>

**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.

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

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

Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by 1/1/12 the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

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

**Contributions** – The System is financed by contributions from both the employees and the School District. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. For fiscal year 2023, the School District contributed 19.48% for teachers and 13.75% for other employees. The contribution requirement for the fiscal year 2023 was \$530,364 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 \$5,325,775 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 participating towns and school districts, actuarially determined. At June 30, 2022, the School District’s proportion was 0.09% which was a decrease of 0.01% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized pension expense of \$544,135. 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	\$ 80,965	\$ 288,763
Net difference between projected and actual investment earnings on pension plan investments	201,840	-
Changes in assumptions	283,289	-
Differences between expected and actual experience	99,955	20,445
Contributions subsequent to the measurement date	530,364	-
Total	<u>\$ 1,196,413</u>	<u>\$ 309,208</u>

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The \$530,364 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	\$ 163,312
2024	137,346
2025	(173,021)
2026	229,204
2027	-
Thereafter	-
Totals	<u>\$ 356,841</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.

**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 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	<u>50.00%</u>	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	<u>20.00%</u>	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	3.60%
Inflation	0.00%	2.25%
Total	<u>100.00%</u>	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

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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	<u>\$ 7,145,847</u>	<u>\$ 5,325,775</u>	<u>\$ 3,812,553</u>

**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 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**11-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](http://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 \$39,852 which was paid in full.

**HAMPTON FALLS SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**JUNE 30, 2023**

**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 \$345,312 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 participating towns and school districts, actuarially determined. At June 30, 2022, the School District’s proportion was 0.09% which was a decrease 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 \$8,263. 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
Differences between expected and actual experience	\$ 944
Contributions subsequent to the measurement date	39,852
Total	\$ 40,796

The \$39,852 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	\$ 157
2024	41
2025	(371)
2026	1,117
2027	-
Thereafter	-
Totals	\$ 944

**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 was 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.

**HAMPTON FALLS SCHOOL DISTRICT**  
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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	100.00%	7.30%

**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	\$ 374,895	\$ 345,312	\$ 319,547

**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.

**11-B Retiree Health Benefit Program**

**Plan Description** – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time. The School District OPEB plan is not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

The total OPEB liability is based on the School District offering retirees postemployment healthcare insurance governed by RSA 100-A:50. The retirees pay 100% of the premium cost to participate and are included in the same pool as the active members. The inclusion of the retirees in the same pool effects the insurance rates of the active employees as the rates for the retirees are assumed to be higher due to the age consideration, thereby creating an implicit rate subsidy.

**HAMPTON FALLS SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**Funding Policy** – The School District’s funding policy for the implicit rate subsidy is a pay-as-you-go basis.

**Benefits Provided** – The School District provides postemployment healthcare benefits for certain eligible retirees. The School District provides medical benefits to its eligible retirees.

**Employees Covered by Benefit Terms** – At July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Covered spouses	1
Active employees	40
Total participants covered by OPEB plan	45

**Total OPEB Liability** – The School District’s total OPEB liability of \$178,486 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022. The School District contracts with an outside actuary to complete the actuarial valuation and schedule of changes in the total OPEB liability. Detailed information can be found in the separately issued report through request of the School District business office.

**Actuarial Assumptions and Other Inputs** – The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.65%
Healthcare Cost Trend Rates:	
Current Year Trend	7.50%
Second Year Trend	5.70%
Ultimate Trend	3.90%
Year Ultimate Trend is Reached	2075
Salary Increases:	2.50%

The discount rate used to measure the total OPEB liability was 3.65%. The projection of cash flows used to determine the discount rate assumed that contributions from the District will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, The 3.65% municipal bond rate was applied to all periods to determine the total OPEB liability.

Mortality rates were based on the following:

**Pre-Retirement** - PubG-2010 headcount-weighted Employee General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.

**Post-Retirement** -Healthy Retirees 101% of PubG-2010 headcount weighted Retiree General Mortality Tables for males and 109% of PubG-2010 headcount weighted Retiree General Mortality Tables for females, projected with fully generational mortality improvement using scale MP-2019.

**Surviving Spouses** - PubG-2010 Contingent Survivor General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.

**Disabled Retirees** - PubG-2010 Disabled General Mortality Tables, projected with fully generational mortality improvement using Scale MP-2019.

**HAMPTON FALLS SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**JUNE 30, 2023**

**Changes in the Total OPEB Liability**

	June 30,	
	2022	2023
Total OPEB liability beginning of year	\$ 139,602	\$ 185,502
Changes for the year:		
Service cost	8,809	5,849
Interest	3,065	6,465
Assumption changes and difference between actual and expected experience	47,077	(1,859)
Benefit payments	(13,051)	(17,471)
Total OPEB liability end of year	<u>\$ 185,502</u>	<u>\$ 178,486</u>

**Sensitivity of the School District's OPEB Liability to Changes in the Discount Rate** – The July 1, 2022, actuarial valuation was prepared using a discount rate of 3.65%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$167,129 or by 6.36%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$191,779 or by 7.45%.

	Discount Rate		
	1% Decrease	Baseline 3.65%	1% Increase
Total OPEB Liability	<u>\$ 191,779</u>	<u>\$ 178,486</u>	<u>\$ 167,129</u>

**Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The July 1, 2022, actuarial valuation was prepared using an initial trend rate of 7.50%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$202,579 or by 13.50%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$159,066 or by 10.88%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.50%	1% Increase
Total OPEB Liability	<u>\$ 159,066</u>	<u>\$ 178,486</u>	<u>\$ 202,579</u>

**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – For the year ended June 30, 2023, the School District recognized OPEB expense of \$32,152. 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
Net difference between projected and actual investment earnings on OPEB plan investments	\$ -	\$ 80,666
Changes in assumptions	4,713	34,092
Total	<u>\$ 4,713</u>	<u>\$ 114,758</u>

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,	
2024	\$ (36,637)
2025	(36,938)
2026	(26,137)
2027	(7,674)
2028	(2,558)
Thereafter	(101)
Totals	<u>\$ (110,045)</u>

**HAMPTON FALLS SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

**NOTE 12 - ENCUMBRANCES**

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

Current:	
Instruction:	
Special programs	\$ 6,427
Support services:	
Instructional staff	614
Operation and maintenance of plant	13,263
Student transportation	2,467
Total support services	<u>16,344</u>
Total encumbrances	<u>\$ 22,771</u>

**NOTE 13 – 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	\$ 7,930,637
Less:	
General obligation bonds payable	(3,455,000)
Unamortized bond premiums	(173,583)
Total net investment in capital assets	<u>4,302,054</u>
Restricted net position:	
Other	444
Unrestricted	<u>(4,370,025)</u>
Total net position	<u>\$ (67,527)</u>

**NOTE 14 – GOVERNMENTAL FUND BALANCES**

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>			
Inventory	\$ -	\$ 3,797	\$ 3,797
<b>Restricted:</b>			
Donations	444	-	444
<b>Committed:</b>			
Expendable trust	620,903	-	620,903
<b>Assigned:</b>			
Encumbrances	22,771	-	22,771
Retained (RSA 198:4-bII)	50,000	-	50,000
Student activity funds	-	19,115	19,115
Total assigned fund balance	<u>72,771</u>	<u>19,115</u>	<u>91,886</u>
<b>Unassigned (deficit)</b>	<u>147,168</u>	<u>(3,797)</u>	<u>143,371</u>
Total governmental fund balances	<u>\$ 841,286</u>	<u>\$ 19,115</u>	<u>\$ 860,401</u>

**HAMPTON FALLS SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

**NOTE 15 – 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 (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) 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 Primex<sup>3</sup>, 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 Primex<sup>3</sup>. 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 Primex<sup>3</sup> to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2022-23 the School District paid \$15,565 and \$17,964, respectively, to Primex for workers' compensation and property/liability. At this time, Primex<sup>3</sup> 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 16 – 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 17 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through January 12, 2024, the date the June 30, 2023, financial statements were available to be issued, and noted no events occurred that requires recognition or disclosure.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT E**  
**HAMPTON FALLS 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	0.09%	0.09%	0.09%	0.09%	0.09%	0.10%	0.10%	0.10%	0.10%	0.09%
School District's proportionate share of the net pension liability	\$3,778,666	\$3,483,620	\$3,626,325	\$4,923,689	\$4,402,405	\$4,624,105	\$4,627,366	\$6,425,378	\$ 4,355,707	\$5,325,775
School District's covered payroll (as of the measurement date)	\$2,450,675	\$2,570,008	\$2,620,727	\$2,667,407	\$2,630,933	\$2,655,043	\$2,807,273	\$3,311,072	\$ 2,988,331	\$2,911,928
School District's proportionate share of the net pension liability as a percentage of its covered payroll	154.19%	135.55%	138.37%	184.59%	167.33%	174.16%	164.83%	194.06%	145.76%	182.90%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%	65.12%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.  
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**EXHIBIT F**  
**HAMPTON FALLS 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	\$ 218,315	\$ 301,090	\$ 307,101	\$ 331,554	\$ 327,937	\$ 405,884	\$ 418,514	\$ 451,917	\$ 537,593	\$ 530,364
Contributions in relation to the contractually required contributions	218,315	301,090	307,101	331,554	327,937	405,884	418,514	451,917	537,593	530,364
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$2,570,008	\$2,620,727	\$2,667,407	\$2,630,933	\$2,655,043	\$2,807,273	\$3,311,072	\$2,988,331	\$2,911,928	\$2,872,024
Contributions as a percentage of covered payroll	8.49%	11.49%	11.51%	12.60%	12.35%	14.46%	12.64%	13.65%	18.46%	18.47%

**HAMPTON FALLS 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](http://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**  
**HAMPTON FALLS 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	0.12%	0.11%	0.09%	0.09%	0.10%	0.10%	0.09%
School District's proportionate share of the net OPEB liability (asset)	\$ 566,952	\$ 523,670	\$ 410,181	\$ 384,816	\$ 432,030	\$ 386,123	\$ 345,312
School District's covered payroll (as of the measurement date)	\$ 2,667,407	\$2,630,933	\$2,655,043	\$2,807,273	\$3,311,072	\$2,988,331	\$2,911,928
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	21.25%	19.90%	15.45%	13.71%	13.05%	12.92%	11.86%
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 Notes to the Required Supplementary Information – Other Postemployment Benefits Liability is an integral part of this schedule.

**EXHIBIT H**  
**HAMPTON FALLS 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	\$ 68,050	\$ 67,882	\$ 39,628	\$ 40,057	\$ 46,380	\$ 36,479	\$ 39,852
Contributions in relation to the contractually required contribution	68,050	67,882	39,628	40,057	46,380	36,479	39,852
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$ 2,630,933	\$2,655,043	\$2,807,273	\$3,311,072	\$2,988,331	\$2,911,928	\$2,872,024
Contributions as a percentage of covered payroll	2.59%	2.56%	1.41%	1.21%	1.55%	1.25%	1.39%

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

**EXHIBIT I**  
**HAMPTON FALLS SCHOOL DISTRICT**  
*Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios*  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

	June 30,					
	2018	2019	2020	2021	2022	2023
OPEB liability, beginning of year	\$ 262,681	\$ 280,228	\$ 300,726	\$ 135,005	\$ 139,602	\$ 185,502
Changes for the year:						
Service cost	15,714	15,801	16,435	7,895	8,809	5,849
Interest	9,861	11,198	10,918	3,064	3,065	6,465
Changes to benefit terms	-	-	(27,540)	-	-	-
Assumption changes and difference between actual and expected experience	-	-	(155,082)	2,027	47,077	(1,859)
Change in actuarial cost method	(2,115)	6,843	-	-	-	-
Benefit payments	(5,913)	(13,344)	(10,452)	(8,389)	(13,051)	(17,471)
OPEB liability, end of year	<u>\$ 280,228</u>	<u>\$ 300,726</u>	<u>\$ 135,005</u>	<u>\$ 139,602</u>	<u>\$ 185,502</u>	<u>\$ 178,486</u>
Covered payroll	<u>\$2,380,002</u>	<u>\$2,655,043</u>	<u>\$2,631,020</u>	<u>\$2,631,020</u>	<u>\$2,626,766</u>	<u>\$2,626,766</u>
Total OPEB liability as a percentage of covered payroll	11.77%	11.33%	5.13%	5.31%	7.06%	6.79%

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

**HAMPTON FALLS SCHOOL DISTRICT**  
**NOTES 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](http://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.

***Schedule of Changes in School District’s Total Other Postemployment Benefits Liability and Related Ratios***

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

***Changes in Assumptions*** – The discount rate changed from 3.54% as of June 30, 2022, to 3.65% as of June 30, 2023. In addition, the inflation rate and healthcare trend rates were updated in this valuation. A summary of the impact on the Total OPEB liability (TOL) of each assumption change is provided below:

Decrease due to change in inflation assumption	\$ (5,000)
Decrease due to change in discount rate	<u>(15,000)</u>
Total	<u><u>\$ (20,000)</u></u>

As required by GASB Statement No. 75, Exhibit I represents the actuarial determined costs associated with the School District’s other postemployment benefits at June 30, 2023. The schedule is 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**  
**HAMPTON FALLS 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	\$ 5,923,089	\$ 5,923,089	\$ -
Other local sources:			
Investment earnings	1,000	16,685	15,685
Miscellaneous	-	13,997	13,997
Total from other local sources	1,000	30,682	29,682
State sources:			
Adequacy aid (grant)	356,275	356,275	-
Adequacy aid (tax)	427,615	427,615	-
Special Education aid	50,000	57,950	7,950
Other state aid	-	34,983	34,983
Total from state sources	833,890	876,823	42,933
Federal sources:			
Medicaid	22,000	33,645	11,645
Total revenues	6,779,979	\$ 6,864,239	\$ 84,260
Use of fund balance to reduce school district assessment	248,281		
Use of fund balance - appropriated	100,000		
Total revenues and use of fund balance	\$ 7,128,260		

See Independent Auditor's Report.

**SCHEDULE 2**  
**HAMPTON FALLS 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	\$ 625	\$ 1,822,539	\$ 1,797,300	\$ -	\$ 25,864
Special programs	3,382	1,477,517	1,373,409	6,427	101,063
Other programs	-	61,572	54,505	-	7,067
Total instruction	<u>4,007</u>	<u>3,361,628</u>	<u>3,225,214</u>	<u>6,427</u>	<u>133,994</u>
Support services:					
Student	-	121,866	125,291	-	(3,425)
Instructional staff	176	314,308	307,107	614	6,763
General administration	30	41,333	31,631	-	9,732
Executive administration	-	142,312	142,312	-	-
School administration	-	183,833	181,627	-	2,206
Operation and maintenance of plant	29,663	457,880	525,180	13,263	(50,900)
Student transportation	12,450	367,302	353,102	2,467	24,183
Other	-	1,440,664	1,514,957	-	(74,293)
Total support services	<u>42,319</u>	<u>3,069,498</u>	<u>3,181,207</u>	<u>16,344</u>	<u>(85,734)</u>
Debt service:					
Principal of long-term debt	-	215,000	215,000	-	-
Interest on long-term debt	-	147,396	145,427	-	1,969
Total debt service	<u>-</u>	<u>362,396</u>	<u>360,427</u>	<u>-</u>	<u>1,969</u>
Facilities acquisition and construction	<u>-</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>-</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>209,738</u>	<u>147,059</u>	<u>-</u>	<u>62,679</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 46,326</u>	<u>\$ 7,128,260</u>	<u>\$ 7,038,907</u>	<u>\$ 22,771</u>	<u>\$ 112,908</u>

See Independent Auditor's Report.

**SCHEDULE 3**  
**HAMPTON FALLS 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		\$ 248,281
Changes:		
Unassigned fund balance used to reduce school district assessment		(248,281)
Unassigned fund balance appropriated for use in 2022-2023		(100,000)
2022-2023 Budget summary:		
Revenue surplus (Schedule 1)	\$ 84,260	
Unexpended balance of appropriations (Schedule 2)	<u>112,908</u>	
2022-2023 Budget surplus		197,168
Decrease in committed fund balance		100,000
Increase in assigned (non-encumbrance) fund balance		<u>(50,000)</u>
Unassigned fund balance, ending		<u><u>\$ 147,168</u></u>

See Independent Auditor's Report.

**SCHEDULE 4**  
**HAMPTON FALLS SCHOOL DISTRICT**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**June 30, 2023**

	Special Revenue Funds		Total
	Food Service Fund	Student Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 19,115	\$ 19,115
Inventory	3,797	-	3,797
Total assets	<u>\$ 3,797</u>	<u>\$ 19,115</u>	<u>\$ 22,912</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,155	\$ -	\$ 3,155
Interfund payable	642	-	642
Total liabilities	<u>3,797</u>	<u>-</u>	<u>3,797</u>
<b>FUND BALANCES</b>			
Nonspendable	3,797	-	3,797
Assigned	-	19,115	19,115
Unassigned	(3,797)	-	(3,797)
Total fund balances	<u>-</u>	<u>19,115</u>	<u>19,115</u>
Total liabilities and fund balances	<u>\$ 3,797</u>	<u>\$ 19,115</u>	<u>\$ 22,912</u>

See Independent Auditor's Report.

**SCHEDULE 5**  
**HAMPTON FALLS 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		Total
	Food Service Fund	Student Activities	
<b>REVENUES</b>			
Other local	\$ 69,444	\$ 73,367	\$ 142,811
State	1,288	-	1,288
Federal	41,544	-	41,544
Total revenues	<u>112,276</u>	<u>73,367</u>	<u>185,643</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	-	71,590	71,590
Noninstructional services	159,335	-	159,335
Total expenditures	<u>159,335</u>	<u>71,590</u>	<u>230,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(47,059)</u>	<u>1,777</u>	<u>(45,282)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>47,059</u>	<u>-</u>	<u>47,059</u>
Net change in fund balances	-	1,777	1,777
Fund balances, beginning	-	17,338	17,338
Fund balances, ending	<u>\$ -</u>	<u>\$ 19,115</u>	<u>\$ 19,115</u>

See Independent Auditor's Report.