NORTH HAMPTON SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

NORTH HAMPTON SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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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
North Hampton School District
North Hampton, New Hampshire

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the North Hampton School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the North Hampton School District, as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the general and food service funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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, 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.

Other Information - Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Hampton School District's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

January 31, 2022

Plodzik & Sanderson
Professional Association

NORTH HAMPTON SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2021

As management of New Hampshire School Administrative Unit (SAU) #21, the North Hampton 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, 2021. 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, 2021, was ($1,526,243). Net position decreased by ($633,777), or -71.01%, between July 1, 2020 and June 30, 2021. The District's total net position consisted of $5,386,490 in the net investment in capital assets, and an unrestricted net position balance of ($6,929,439).

- The District's total liabilities of $10,702,688 consisted primarily of long-term obligations for $10,650,920.

    - During the year, the District's expenses totaled $10,280,380, with 45.07% for instruction ($4,633,322).

    - Total revenues were $9,646,603 and consist of charges for services, operating and 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 and state assessments generate 94.42% of the District's revenue.

    - The food service program experienced a year-end deficit of ($36,414), with the difference funded from the general fund.

    - The fiscal year end balances for the governmental funds were categorized as follows:
        - Nonspendable = $8,720
        - Restricted = $16,706
        - Committed = $720,818
        - Assigned = $46,506
        - Unassigned = $362,907

    - Student enrollment, excluding preschool, decreased by 21 students. Enrollment totaled 343 as of October 1, 2019 and 322 as of October 1, 2020.

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 supplementary 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

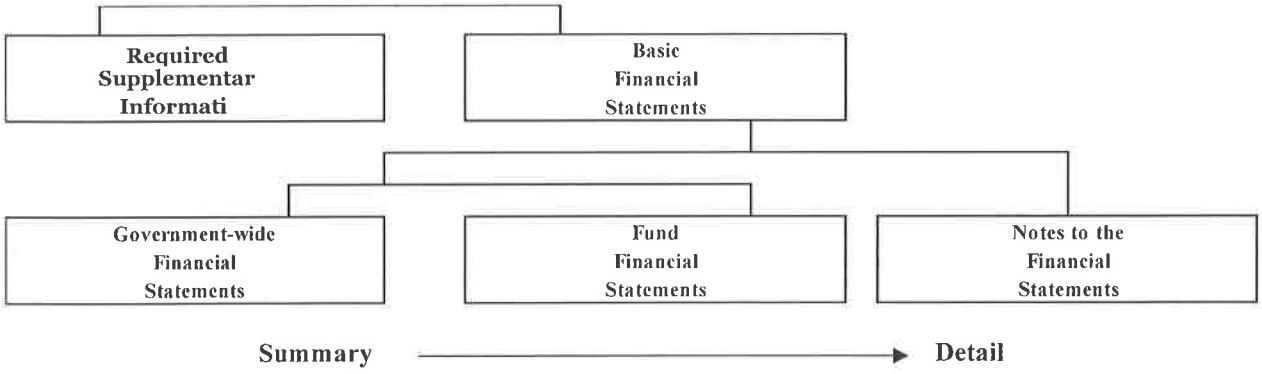


Figure 2

	Government-Wide	Fund Statements	
		Governmental	Fiduciary
SCOPE	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
REQUIRED FINANCIAL STATEMENTS	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
ACCOUNTING BASIS	Accrual	Modified Accrual	Accrual
MEASUREMENT FOCUS	Economic Resources	Current Financial Resources	Economic Resources
TYPE OF INFORMATION ASSETS AND LIABILITIES	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
TYPE OF INFORMATION REVENUES, EXPENSES, AND EXPENDITURES	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

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 (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.

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 ($1,526,243) at June 30, 2021, an decrease of ($633,777) 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.

North Hampton School District
Governmental Activities
Summary of Net Position
Two Year Comparison

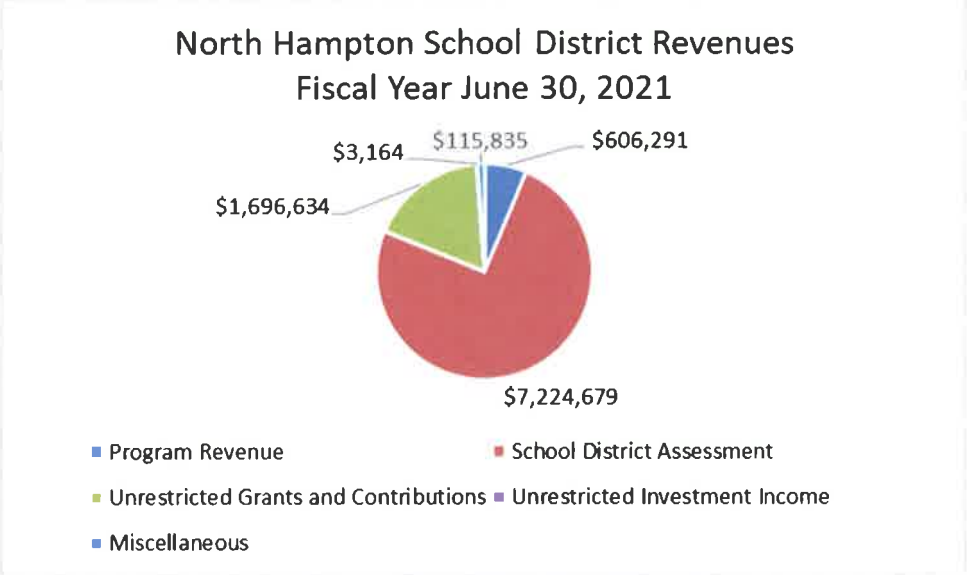
	2021	2020 (as restated)	Change 2020-2021	% Change 2020-2021
Assets				
Current Assets	$ 1,199,409	$ 1,159,683	$ 39,726	3.43%
Capital Assets	5,820,141	5,932,645	(112,504)	-1.90%
Total Assets	7,019,550	7,092,328	(72,778)	-1.03%
Deferred Outflows of Resources	2,538,149	1,074,476	1,463,673	136.22%
Liabilities				
Other Liabilities	51,768	54,680	(2,912)	-5.33%
Long Term Liabilities	10,650,920	8,362,613	2,288,307	27.36%
Total Liabilities	10,702,688	8,417,293	2,285,395	27.15%
Deferred Inflows of Resources	381,254	641,977	(260,723)	-40.61%
Net Investment in Capital Assets	5,386,490	5,362,307	24,183	0.45%
Restricted Net Position	16,706	-	16,706	100.00%
Unrestricted Net Position	(6,929,439)	(6,254,773)	(674,666)	-10.79%
Total Net Position	$ (1,526,243)	$ (892,466)	$ (633,777)	-71.01%

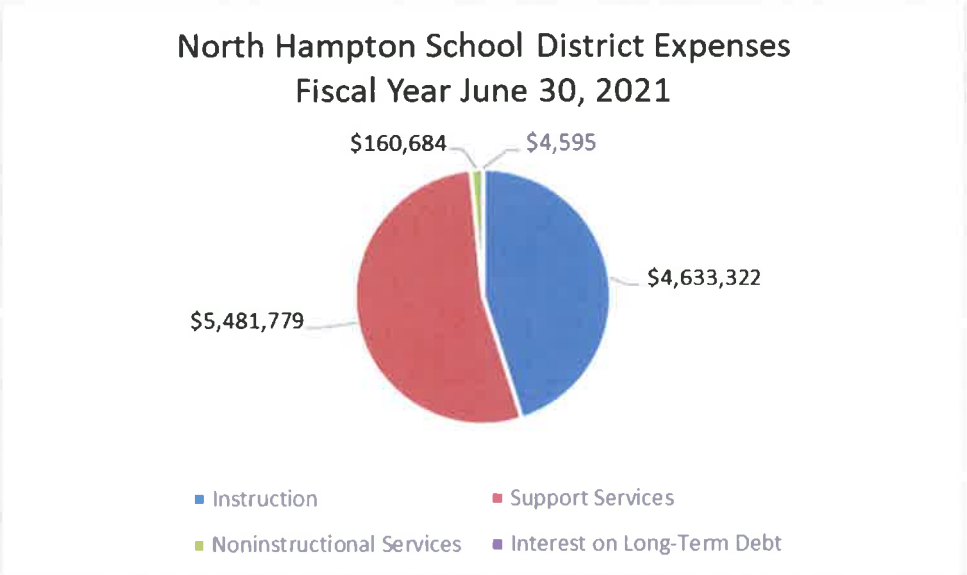
Statement of Activities

Total expenditures of $10.28 million were more than revenue of $9.65 million. 74.89% of the District's total revenues come from the school district assessment while 17.59% 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 (45.07% of total expenses) and support services (53.32% 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.

North Hampton School District
Governmental Activities
Statement of Activities
Two Year Comparison

	June 30, 2021	June 30, 2020 (as restated)	Change	Change in %
Revenues				
Program Revenue				
Charges for Services	$ 42,647	$ 98,013	$ (55,366)	-56.49%
Operating Grants & Contributions	563,644	277,247	286,397	103.30%
General Revenue				
School District Assessment	7,224,679	7,340,230	(115,551)	-1.57%
Unrestricted Grants and Contributions	1,696,634	1,676,284	20,350	1.21%
Unrestricted Investment Income	3,164	12,110	(8,946)	-73.87%
Miscellaneous	115,835	33,690	82,145	243.83%
Total Revenues	9,646,603	9,437,574	209,029	2.21%
Program Expenses				
Instruction	4,633,322	4,329,316	304,006	7.02%
Support Services:				
Student	281,054	263,735	17,319	6.57%
Instructional Staff	548,085	550,790	(2,705)	-0.49%
General Administration	35,358	36,095	(737)	-2.04%
Executive Administration	295,826	308,974	(13,148)	-4.26%
School Administration	284,268	291,544	(7,276)	-2.50%
Operation and Maintenance of Plant	809,313	643,324	165,989	25.80%
Student Transportation	479,991	393,923	86,068	21.85%
Other	2,747,884	2,106,274	641,610	30.46%
Noninstructional Services	160,684	140,213	20,471	14.60%
Interest on Long-Term Debt	4,595	8,328	(3,733)	-44.82%
Facilities Acquisition and Construction	-	24,794	(24,794)	-100.00%
Total Expenses	10,280,380	9,097,310	1,183,070	13.00%
Change in Net Position	(633,777)	340,264	(974,041)	286.26%
Net Positon, beginning, as restated (see Note 15)	(892,466)	(1,232,730)	340,264	27.60%
Net Position, ending	$ (1,526,243)	$ (892,466)	$ (633,777)	-71.01%


North Hampton School District Revenues
Fiscal Year June 30, 2021
$3,164
$115,835
$606,291
$1,696,634
$7,224,679
Program Revenue
School District Assessment
Unrestricted Grants and Contributions
Unrestricted Investment Income
Miscellaneous


North Hampton School District Expenses
Fiscal Year June 30, 2021
$160,684
$4,595
$4,633,322
$5,481,779
Instruction
Support Services
Noninstructional Services
Interest on Long-Term Debt

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 $371,627.

The general fund is supported by $7.22 million from local assessments, $1.72 million from state sources, $138 thousand from federal sources, and $89 thousand from other local sources. General fund expenditures are primarily for instruction ($4.34 million) and support services ($4.58 million).

COMMENTS ON GENERAL FUND BUDGET COMPARISONS

- General fund actual revenues totaling $9,171,788 exceeded budgeted revenues and use of fund balance by $164,975 (1.83%).
  - **Other Local sources** totaling $89,497 exceeded budget by $47,497 due to tuition and miscellaneous revenue.
  - **State sources** totaling $1,719,881 exceeded budget by $7,247 primarily due to an increase in special education aid, kindergarten aid, and other state aid.
  - **Federal sources** totaling $137,731 were above budget by $110,231 due to an increase REAP grant Medicaid funding.
- General fund expenditures, including encumbrances to the subsequent year, totaling $9,117,315 were less than appropriations totaling $9,209,533, including encumbrances from the prior year, by $92,218 (1.00%). Significant general fund budget variances occurred in these functions:
  - **Instruction** totaling $4,340,182 is the largest expense of the District and was under budget by $21,496 due to savings in regular and special programs.
  - **Instructional staff** totaling $544,150 was under budget by $13,263 due savings in salary accounts.
  - **Operation and maintenance of plant** totaling $682,709 was over budget by ($79,437) due to Covid-related expenditures.
  - **Student Transportation** totaling $479,991 was under budget by $13,763 due to savings in regular, special education, athletic, field trip, and other transportation.
  - **Other** totaling $1,995,695 was under budget by $115,303 primarily due to savings in benefits.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2021, the District reported capital assets of $5,820,141 (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 $117,203 during the year include:

Smartboard	$ 6,624.00
Libarary Furniture	$ 36,716.54
Paint Storage Cabinets	$9,490.00
Painting	$18,000.00
Paving	$39,729.30
Building Improvements	$6,643.00

North Hampton School District
Governmental Activities
Capital Assets
Two Year Comparison

	Governmental Activities		Increase	% Increase
	2021	2020	(Decrease)	(Decrease)
Land	$ 220,083	$ 220,083	$ -	0.00%
Building & Building Improvements	8,366,014	8,292,152	73,862	0.89%
Equipment & Vehicles	1,228,835	1,185,494	43,341	3.66%
Total Historical Costs	9,814,932	9,697,729	117,203	1.21%
Total Accumulated Depreciation	(3,994,791)	(3,765,084)	(229,707)	6.10%
Net Capital Assets	$ 5,820,141	$ 5,932,645	$ (112,504)	-1.90%

Long-Term Debt

The table below illustrates the long-term debt of the District as of June 30, 2021.

North Hampton School District
Governmental Activities
Long Term Debt
Two Year Comparison

	Governmental Activities 2021	Governmental Activities 2020	Increase (Decrease)	% Increase (Decrease)
General Obligation Bonds	$ 421,800	$ 547,400	$ (125,600)	-22.94%
Capital Lease	11,851	22,938	(11,087)	100.00%
Compensated Absences	398,579	391,649	6,930	1.77%
Other Postemployment Benefits	809,983	757,332	52,651	6.95%
Net Pension Liability	9,008,707	6,643,294	2,365,413	35.61%
Total Long Term Debt	$10,650,920	$ 8,362,613	$2,288,307	27.36%

FUTURE BUDGETARY IMPLICATIONS

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, Business Administrator for SAU #21 located at 2 Alumni Drive, Hampton, New Hampshire 03842, via phone 603-926-8992 ext. 107 or email mferreira@sau21.org.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
NORTH HAMPTON SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 451.619
Other receivables	1.227
Intergovernmental receivable	737.843
Inventory	8.720
Capital assets, not being depreciated	220,083
Capital assets, net of accumulated depreciation	5,600,058
Total assets	7,019,550
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	2,456,260
Amounts related to other postemployment benefits	81,889
Total deferred outflows of resources	2,538,149
LIABILITIES	
Accounts payable	33,536
Accrued salaries and benefits	10,216
Accrued interest payable	8,016
Noncurrent obligations:	
Due within one year	147,451
Due in more than one year	10,503,469
Total liabilities	10,702,688
DEFERRED INFLOWS OF RESOURCES	
Amounts related to pensions	255,970
Amounts related to other postemployment benefits	125,284
Total deferred inflows of resources	381,254
NET POSITION	
Net investment in capital assets	5,386,490
Restricted	16,706
Unrestricted	(6,929,439)
Total net position	$ (1,526,243)

EXHIBIT B
NORTH HAMPTON SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Governmental activities:				
Instruction	$ 4,633,322	$ 41,020	$ 364,437	$ (4,227,865)
Support services:				
Student	281,054	-	-	(281,054)
Instructional staff	548,085	-	13,712	(534,373)
General administration	35,358	-	1,948	(33,410)
Executive administration	295,826	-	-	(295,826)
School administration	284,268	-	-	(284,268)
Operation and maintenance of plant	809,313	-	60,904	(748,409)
Student transportation	479,991	-	-	(479,991)
Other	2,747,884	-	-	(2,747,884)
Noninstructional services	160,684	1,627	122,643	(36,414)
Interest on long-term debt	4,595	-	-	(4,595)
Total governmental activities	$10,280,380	$ 42,647	$ 563,644	(9,674,089)
General revenues:				
School district assessment				7,224,679
Grants and contributions not restricted to specific programs				1,696,634
Interest				3,164
Miscellaneous				115,835
Total general revenues				9,040,312
Change in net position				(633,777)
Net position, beginning, as restated (see Note 15)				(892,466)
Net position, ending				$ (1,526,243)

EXHIBIT C-1
NORTH HAMPTON SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2021

	General	Food Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 430,855	$ -	$ 20,764	$ 451,619
Accounts receivable	1,227	-	-	1,227
Intergovernmental receivable	723,599	8,559	5,685	737,843
Interfund receivables	16,144	-	-	16,144
Inventory	-	8,720	-	8,720
Total assets	$1,171,825	$ 17,279	$ 26,449	$ 1,215,553
LIABILITIES				
Accounts payable	$ 26,716	$ 6,820	$ -	$ 33,536
Accrued salaries and benefits	10,216	-	-	10,216
Interfund payable	-	10,459	5,685	16,144
Total liabilities	36,932	17,279	5,685	59,896
FUND BALANCES (DEFICIT)				
Nonspendable	-	8,720	-	8,720
Restricted	16,706	-	-	16,706
Committed	720,818	-	-	720,818
Assigned	25,742	-	20,764	46,506
Unassigned (deficit)	371,627	(8,720)	-	362,907
Total fund balances	1,134,893	-	20,764	1,155,657
Total liabilities and fund balances	$1,171,825	$ 17,279	$ 26,449	$ 1,215,553

EXHIBIT C-2
NORTH HAMPTON SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2021

Total fund balances of governmental funds (Exhibit C-1)		$ 1,155,657
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	$9,814,932	
Less accumulated depreciation	(3,994,791)	
		5,820,141
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	$2,456,260	
Deferred inflows of resources related to pensions	(255,970)	
Deferred outflows of resources related to OPEB	81,889	
Deferred inflows of resources related to OPEB	(125,284)	
		2,156,895
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	$ (16,144)	
Payables	16,144	
		-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(8,016)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bond	$ 375,000	
Unamortized bond premium	46,800	
Capital lease	11,851	
Compensated absences	398,579	
Net pension liability	9,008,707	
Other postemployment benefits	809,983	
		(10,650,920)
Net position of governmental activities (Exhibit A)		$(1,526,243)

EXHIBIT C-3
NORTH HAMPTON SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021

	General	Food Service	Other Governmental Funds	Total Governmental Funds
REVENUES				
School district assessment	$ 7,224,679	$ -	$ -	$ 7,224,679
Other local	96,667	1,627	63,352	161,646
State	1,719,881	1,901	-	1,721,782
Federal	137,731	120,742	280,023	538,496
Total revenues	9,178,958	124,270	343,375	9,646,603
EXPENDITURES				
Current:				
Instruction	4,343,005	-	324,439	4,667,444
Support services:				
Student	263,910	-	-	263,910
Instructional staff	541,406	-	13,712	555,118
General administration	33,410	-	1,948	35,358
Executive administration	295,826	-	-	295,826
School administration	285,023	-	-	285,023
Operation and maintenance of plant	671,976	-	-	671,976
Student transportation	479,991	-	-	479,991
Other	1,995,761	-	-	1,995,761
Noninstructional services	-	160,684	-	160,684
Debt service:				
Principal	110,000	-	-	110,000
Interest	23,005	-	-	23,005
Facilities acquisition and construction	62,679	-	-	62,679
Total expenditures	9,105,992	160,684	340,099	9,606,775
Excess (deficiency) of revenues over (under) expenditures	72,966	(36,414)	3,276	39,828
OTHER FINANCING SOURCES (USES)				
Transfers in	-	36,414	-	36,414
Transfers out	(36,414)	-	-	(36,414)
Total other financing sources (uses)	(36,414)	36,414	-	-
Net change in fund balances	36,552	-	3,276	39,828
Fund balances, beginning, as restated (see Note 15)	1,098,341	-	17,488	1,115,829
Fund balances, ending	$ 1,134,893	$ -	$ 20,764	$ 1,155,657

EXHIBIT C-4
NORTH HAMPTON 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, 2021

Net change in fund balances of total governmental funds (Exhibit C-3)		$ 39,828
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditure in the current year, as follows:		
Capitalized capital outlay	$ 117,203	
Depreciation expense	(229,707)	
		(112,504)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	$ (36,414)	
Transfers out	36,414	
		-
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 bond	$ 110,000	
Amortization of bond premium	15,600	
Principal repayment of capital lease	11,087	
		136,687
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	$ 2,810	
Increase in compensated absences payable	(6,930)	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	(723,056)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	29,388	
		(697,788)
Change in net position of governmental activities (Exhibit B)		$ (633,777)

EXHIBIT D-1
NORTH HAMPTON 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, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
School district assessment	$ 7,224,679	$ 7,224,679	$ -
Other local	42,000	89,497	47,497
State	1,712,634	1,719,881	7,247
Federal	27,500	137,731	110,231
Total revenues	9,006,813	9,171,788	164,975
EXPENDITURES			
Current:			
Instruction	4,361,678	4,340,182	21,496
Support services:			
Student	261,884	263,910	(2,026)
Instructional staff	557,413	544,150	13,263
General administration	42,632	33,470	9,162
Executive administration	295,826	295,826	-
School administration	284,071	285,698	(1,627)
Operation and maintenance of plant	603,272	682,709	(79,437)
Student transportation	493,754	479,991	13,763
Other	2,110,998	1,995,695	115,303
Debt service:			
Principal	110,000	110,000	-
Interest	23,005	23,005	-
Facilities acquisition and construction	65,000	62,679	2,321
Total expenditures	9,209,533	9,117,315	92,218
Excess (deficiency) of revenues over (under) expenditures	(202,720)	54,473	257,193
OTHER FINANCING SOURCES (USES)			
Transfers in	27,157	27,157	-
Transfers out	(187,200)	(86,414)	100,786
Total other financing sources (uses)	(160,043)	(59,257)	100,786
Net change in fund balance	$ (362,763)	(4,784)	$357,979
Decrease in restricted fund balance		20,467	
Decrease in committed fund balance		50,000	
Unassigned fund balance, beginning, as restated (see Note 15)		305,944	
Unassigned fund balance, ending		$ 371,627	

EXHIBIT D-2
NORTH HAMPTON SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Food Service Fund
For the Fiscal Year Ended June 30, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Local:			
Sales	$ 5,000	$ 1,627	$ (3,373)
State:			
Lunch reimbursement	750	1,901	1,151
Federal:			
Lunch reimbursement	55,000	107,144	52,144
USDA commodities	6,000	13,598	7,598
Total revenues	66,750	124,270	57,520
EXPENDITURES			
Current:			
Noninstructional services	185,950	160,684	25,266
Deficiency of revenues under expenditures	(119,200)	(36,414)	82,786
OTHER FINANCING SOURCES			
Transfers in	119,200	36,414	(82,786)
Net change in fund balance	$ -	-	$ -
Fund balance, beginning		-	
Fund balance, ending		$ -	

NORTH HAMPTON SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the North Hampton School District, in North Hampton, 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 North Hampton School District is a municipal corporation governed by an elected 5-member School Board. In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The School District has no component units to include in its reporting entity.

The following is a summary of the more significant accounting policies:

1-B Government-wide and Fund Financial Statements

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government. Generally, the effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported through assessments and intergovernmental revenues.

The *Statement of Net Position* presents the financial position of the School District at year-end. This Statement includes all of the School District's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational requirements of a particular function. Assessments and other items not meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue.

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds, and are presented in the other governmental column of the fund financial statements.

In the governmental fund financial statements, expenditures are reported by character: current, support services, debt services, facilities acquisition, and construction or noninstructional. Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Debt service includes both interest and principal outlays related to bonds. Capital outlay includes expenditures for equipment, real property, or infrastructure.

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

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

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

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

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 portion of the student activity accounts and expendable trust funds are consolidated in the general fund.

Food Service Fund – accounts for the operation of the School District's food service program.

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 and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and cash equivalents."

New Hampshire statutes require that the School District treasurer have custody of all money belonging to the School District and pay out the same only upon orders of the School Board. The treasurer shall deposit all such monies in participation units in the public deposit investment pool established pursuant to NH RSA 383:22 or in solvent banks in the State. Funds may be deposited in banks outside the State if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-E Receivables

Receivables in the government-wide and governmental fund financial statements represent amounts due to the School District at June 30, recorded as revenue, which will be collected in the future and consist primarily of accounts and intergovernmental receivables.

1-F Inventory

Inventories are valued at cost (first-in, first-out) which approximates market. The School District's inventories include various items consisting of school food, expendable supplies, and commodities. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method. Inventorial items are recorded as expenditures when consumed at the schools (the consumption method). The nonspendable fund balance at the governmental fund level is equal to the amount of inventories at year-end to indicate the portion of the governmental fund balance that is nonspendable.

1-G Capital Assets

Capital assets are reported in the governmental activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015, are recorded at acquisition value. The School District has established a threshold of $5,000 or more, except for infrastructure, which uses $100,000 and an estimated useful life in excess of five years for capitalization of depreciable assets.

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

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

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

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

Capital Asset Class:	Years
Buildings and building improvements	10 - 80
Equipment and vehicles	5 - 7

1-H Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are 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, 2021.

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 then.

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.

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. Bonds payables are reported net of the bond premium.

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

Direct 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 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.

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 the bond 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.

1-Q Material Change in Classification

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

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 and food service funds. Except as reconciled below, the budget was adopted on a basis consistent with United States generally accepted accounting principles.

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

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

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2021, $312,763 of the beginning general fund unassigned fund balance was applied for this purpose. Additionally, $50,000 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 food service fund. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	
Per Exhibit D-1 (budgetary basis)	$ 9,198,945
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
Interest earnings related to the blended expendable trust funds	1,170
Other local revenue of the blended district student activity fund	6,000
Eliminate transfers between the blended expendable trust funds	(27,157)
Per Exhibit C-3 (GAAP Basis)	$ 9,178,958
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	$ 9,203,729
Adjustments:	
Basis differences:	
Encumbrances, beginning	8,419
Encumbrances, ending	(25,742)
GASB Statement No. 54:	
To remove transfer from the general fund to the blended expendable trust funds	(50,000)
Expenditures of the blended district student activity fund	6,000
Per Exhibit C-3 (GAAP basis)	$ 9,142,406

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School District's deposits are entirely covered by federal depository insurance (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 $451,619 and the bank balances totaled $515,336. Petty cash totaled $134.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2021, consisted of accounts and intergovernmental amounts arising from grants, school lunch program, and expendable trust funds held by the Town of North Hampton 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, 2021, consisted of the following:

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Land	$ 220,083	$ -	$ 220,083
Being depreciated:			
Buildings and building improvements	8,292,152	73,862	8,366,014
Equipment and vehicles	1,185,494	43,341	1,228,835
Total capital assets being depreciated	9,477,646	117,203	9,594,849
Total capital assets	9,697,729	117,203	9,814,932
Less accumulated depreciation:			
Buildings and building improvements	(2,722,199)	(172,772)	(2,894,971)
Equipment and vehicles	(1,042,885)	(56,935)	(1,099,820)
Total accumulated depreciation	(3,765,084)	(229,707)	(3,994,791)
Net book value, capital assets being depreciated	5,712,562	(112,504)	5,600,058
Net book value, all capital assets	$5,932,645	$(112,504)	$5,820,141

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	$ 43,440
Support services:	
Operation and maintenance of plant	186,267
Total depreciation expense	$ 229,707

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2021, are as follows:

Receivable Fund	Payable Fund	Amount
General	Food service	$10,459
	Nonmajor fund	5,685
		$16,144

The interfund transfer in the amount of $36,414 during the year ended June 30, 2021, consists of a transfer from the general fund to the food service fund to cover an operating deficit at year-end.

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 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2021, consist of amounts related to pensions totaling $2,456,260 and amounts related to OPEB totaling $81,889. Deferred inflows of resources at June 30, 2021, consist of amounts related to pensions totaling $255,970 and amounts related to OPEB totaling $125,284. For further discussion on these amounts, see Notes 10 and 11, respectively.

NOTE 8 – CAPITAL LEASE OBLIGATIONS

The School District has entered into a certain capital lease agreement under which the related equipment will become the property of the School District when all the terms of the lease agreement is met.

	Standard Interest Rate	Present Value of Remaining Payments as of June 30, 2021
Capital lease obligation:		
Plow Truck	6.90%	$ 11,851

Leased equipment under the capital lease, included in capital assets, is as follows:

	Governmental Activities
Equipment:	
Plow Truck	$ 38,009
Less: accumulated depreciation	(10,860)
Total capital lease equipment	$ 27,149

The annual requirements to amortize the capital lease payable as of June 30, 2021, including interest payments, are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2022	$ 12,669
Less: interest	(818)
Present value of remaining payments	$ 11,851

Amortization of lease equipment under capital assets is included with depreciation expense.

NOTE 9 – LONG-TERM LIABILITIES

Changes in the School District's long-term liabilities consisted of the following for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year	Due in More Than One Year
Bond payable:						
Direct placement	$ 485,000	$ -	$ (110,000)	$ 375,000	$ 120,000	$ 255,000
Premium	62,400	-	(15,600)	46,800	15,600	31,200
Total bond payable	547,400	-	(125,600)	421,800	135,600	286,200
Capital lease	22,938	-	(11,087)	11,851	11,851	-
Compensated absences	391,649	27,323	(20,393)	398,579	-	398,579
Pension related liability	6,643,294	2,365,413	-	9,008,707	-	9,008,707
Net other postemployment benefits	757,332	52,651	-	809,983	-	809,983
Total long-term liabilities	$ 8,362,613	$ 2,445,387	$ (157,080)	$ 10,650,920	$ 147,451	$ 10,503,469

The long-term bond is comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2021
Bond payable:					
Direct placement:					
School renovations	$ 1,044,000	2014	2024	2.61%	$ 375,000

The annual requirements to amortize the general obligation bond outstanding as of June 30, 2021, including interest payments, are as follows:

Fiscal Year Ending June 30,	Bond - Direct Placement		
	Principal	Interest	Total
2022	$ 120,000	$ 16,853	$ 136,853
2023	125,000	10,299	135,299
2024	130,000	3,477	133,477
Totals	$ 375,000	$ 30,629	$ 405,629

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

NOTE 10 – DEFINED BENEFIT PENSION PLAN

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

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

Group I 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 2021, the School District contributed 15.99% for teachers and 10.88% for other employees. The contribution requirement for the fiscal year 2021 was $609,024, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the School District reported a liability of $9,008,707 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020, the School District's proportion was 0.14% which was the same proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized pension expense of $1,332,881. At June 30, 2021, 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	$ 154,717	$ 159,242
Net difference between projected and actual investment earnings on pension plan investments	557,198	-
Changes in assumptions	891,140	-
Differences between expected and actual experience	243,379	96,728
Contributions subsequent to the measurement date	609,826	-
Total	$ 2,456,260	$ 255,970

The $609,826 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, 2022. 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,	
2021	$ 276,872
2022	425,693
2023	445,398
2024	442,901
Thereafter	-
Totals	$ 1,590,864

Actuarial Assumptions – The collective total pension liability was determined by an actuarial performed as of June 30, 2019, rolled forward to June 30, 2020, using the following assumptions:

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

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

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

Long–term Rates of Return – The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2020:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2020
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

Discount Rate – The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

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

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2020	$11,662,609	$ 9,008,707	$ 6,840,117

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 2019 Comprehensive Annual Financial Report, which can be found on the system's website at www.nhrs.org.

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

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

Maximum medical subsidy rates paid during fiscal year 2019 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 lessor 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 2020, 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 2021, the School District contributed 1.81% for teachers and 0.29% for other employees. The contribution requirement for the fiscal year 2021 was $62,409, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2021, the School District reported a liability of $4,148,339 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020, the School District's proportion was 0.14% which was an increase of 0.01% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized OPEB expense of $91,881. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	$ 5,260	$ -
Net difference between projected and actual investment earnings on OPEB plan investments	2,270	-
Changes in assumptions	3,900	-
Differences between expected and actual experience	-	1,758
Contributions subsequent to the measurement date	62,409	-
Total	$ 73,839	$ 1,758

The $62,409 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, 2022. 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,	
2021	$ 7,575
2022	672
2023	801
2024	624
Thereafter	-
Totals	$ 9,672

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2019, and a measurement date of June 30, 2020. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

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

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

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

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

Following is a table presenting target allocations and long-term rates of return for 2020:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2020
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2020, 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 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2020	$ 658,731	$ 606,625	$ 561,386

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 post-employment 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.

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. The benefits are provided through the New Hampshire Health Trust.

Employees Covered by Benefit Terms – At July 1, 2020, 53 active employees were covered by the benefit terms.

Total OPEB Liability – The School District's total OPEB liability of $203,358 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019. The School District contract 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 of $203,358 in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	2.16%
Healthcare Cost Trend Rates:	
Current Year Trend	7.00%
Second Year Trend	6.55%
Decrement	0.45%
Ultimate Trend	4.00%
Year Ultimate Trend is Reached	2075
Salary Increases:	2.20%

The discount rate used to measure the total OPEB liability was 2.16%. The projection of cash flows used to determine the discount rate assumed that contributions from the School 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 2.16% municipal bond rate was applied to all periods to determine the total OPEB liability.

Mortality rates were based on the following: *Pre-Retirement* – PubG-20210 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.

Changes in the Total OPEB Liability

	June 30, 2020	June 30, 2021
Total OPEB liability beginning of year	$ 492,695	$ 191,997
Changes for the year:		
Service cost	20,903	11,878
Interest	17,914	4,417
Changes in benefit terms	(34,741)	-
Assumption changes and difference between actual and expected experience	(259,098)	-
Changes in assumptions	(42,118)	3,081
Benefit payments	(3,558)	(8,015)
Total OPEB liability end of year	$ 191,997	$ 203,358

Sensitivity of the School District's OPEB Liability to Changes in the Discount Rate – The July 1, 2019, actuarial valuation was prepared using a discount rate of 2.16%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to $188,587 or by 7.26%. If the discount rate were 1% lower than what was used the OPEB liability would increase to $218,792 or by 7.59%.

	Discount Rate		
	1% Decrease	Baseline 2.16%	1% Increase
Total OPEB Liability	$ 218,792	$ 203,358	$ 188,587

Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2019, actuarial valuation was prepared using an initial trend rate of 7.00%. If the trend rate were 1% higher than what was used the OPEB liability would increase to $233,942 or by 15.04%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to $177,641 or by 12.65%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.00%	1% Increase
Total OPEB Liability	$ 177,641	$ 203,358	$ 233,942

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the School District recognized OPEB expense of $203,358. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 8,050	$ 30,360
Differences between expected and actual experience	-	93,166
Total	$ 8,050	$ 123,526

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2022	$ (25,027)
2023	(25,027)
2024	(24,842)
2025	(25,103)
2026	(15,741)
Thereafter	263
Totals	$(115,477)

NOTE 12 - ENCUMBRANCES

Encumbrances outstanding in the general fund at June 30, 2021, are as follows:

Current:	
Instruction:	
Regular programs	$ 1,913
Special programs	2,031
Total instruction	3,944
Support services:	
Instructional staff	2,744
General administration	60
School administration	675
Operation and maintenance of plant	18,319
Total support services	21,798
Total encumbrances	$ 25,742

NOTE 13 – GOVERNMENTAL ACTIVITIES NET POSITION

Net position reported on the government-wide Statement of Net Position at June 30, 2021, include the following:

Net investment in capital assets:	
Net book value of all capital assets	$ 5,820,141
Less:	
General obligation bond payable	(375,000)
Unamortized bond premium	(46,800)
Capital lease payable	(11,851)
Total net investment in capital assets	5,386,490
Restricted for donations	16,706
Unrestricted	(6,929,439)
Total net position	$(1,526,243)

NOTE 14 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2021, consist of the following:

	General Fund	Food Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventory	$ -	$ 8,720	$ -	$ 8,720
Restricted:				
Donations	16,706	-	-	16,706
Committed:				
Expendable trust	720,818	-	-	720,818
Assigned:				
Encumbrances	25,742	-	-	25,742
Student activities - student related	-	-	20,764	20,764
Total assigned fund balance	25,742	-	20,764	46,506
Unassigned (deficit)	371,627	(8,720)	-	362,907
Total governmental fund balances	$ 1,134,893	$ -	$ 20,764	$ 1,155,657

NOTE 15 – PRIOR PERIOD ADJUSTMENT

Net position/fund balance at July 1, 2020, was restated for the following:

	Government-wide Statements	General Fund (GAAP Basis)	General Fund (Unassigned)
To restate for uncollectible receivables	$ (6,819)	$ (6,819)	$ (6,819)
Net position/fund balance, as previously reported	(885,647)	1,105,160	312,763
Net position/fund balance, as restated	$ (892,466)	$ 1,098,341	$ 305,944

NOTE 16 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2021, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex^3) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex^3) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2020, to June 30, 2021 by Primex^3, which retained $2,000,000 of each workers' compensation loss, $500,000 of each liability loss, and $200,000 of each property loss. 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^3 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 2020-21 the School District paid $20,417 and $28,115, respectively, to Primex for workers' compensation and property/liability. At this time, Primex^3 foresees no likelihood of any additional assessment for this or any prior year.

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

NOTE 17 – 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 18 – COVID-19

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

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

The CRF requires that the payment from these funds be used to cover expenses that: are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the most recently approved budget as of March 27, 2020; and were incurred during the period that begins March 1, 2020, and ends on December 31, 2021. The School District was awarded a portion of this Federal funding totaling $65,800 in the fall of 2020, through the Supplemental Public School Response Fund (SPSRF).

The ESR provided funds to the School District through the Elementary and Secondary School Emergency Relief Fund (ESSER). The objective of ESSER is to provide local education agencies with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation. This funding was awarded to the School District under the ESSER I and II grants, with the School District expending $14,106 of this funding in the fiscal year 2021 and must be used for activities to prevent, prepare, and respond to the coronavirus.

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

NOTE 19 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through January 31, 2022, the date the June 30, 2021, financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT E

NORTH HAMPTON 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, 2021

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
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
School District's:								
Proportion of the net pension liability	0.15%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%
Proportionate share of the net pension liability	$ 6,267,680	$ 5,298,663	$ 5,633,862	$ 7,697,079	$ 6,858,358	$ 6,851,795	$ 6,643,294	$ 9,008,707
Covered payroll	$ 4,046,438	$ 3,885,371	$ 4,051,643	$ 4,150,032	$ 4,091,102	$ 3,976,823	$ 3,985,052	$ 4,148,339
Proportionate share of the net pension liability as a percentage of its covered payroll	154.89%	136.37%	139.05%	185.47%	167.64%	172.29%	166.71%	217.16%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%

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

EXHIBIT F

NORTH HAMPTON 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, 2021

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
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
Contractually required contribution	$ 362,119	$ 457,964	$ 477,112	$ 518,310	$ 510,882	$ 601,421	$ 600,841	$ 609,024
Contributions in relation to the contractually required contributions	362,119	457,964	477,112	518,310	510,882	601,421	600,841	609,024
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	$4,046,438	$3,885,371	$4,051,643	$4,150,032	$4,091,102	$3,976,823	$3,985,052	$ 4,038,502
Contributions as a percentage of covered payroll	8.95%	11.79%	11.78%	12.49%	12.49%	15.12%	15.08%	15.08%

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

NORTH HAMPTON SCHOOL DISTRICT

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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, 2021. 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.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2020:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	20 years beginning July 1, 2019 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.0% per year
Wage Inflation	2.755% per year (2.25% for Teachers) in the 2007 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	6.75% per year, net of investment expenses including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	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.

Other Information:

Notes	The board has adopted new assumptions based on the 2015-2019 experience study effective for employer contributions in the 2022-23 biennium.

EXHIBIT G

NORTH HAMPTON 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, 2021

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
School District's proportion of the net OPEB liability	0.18%	0.18%	0.13%	0.13%	0.14%
School District's proportionate share of the net OPEB liability (asset)	$ 915,154	$ 826,939	$ 613,418	$ 565,335	$ 606,625
School District's covered payroll	$ 4,150,032	$ 4,091,102	$ 3,976,823	$ 3,985,052	$ 4,148,339
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	22.05%	20.21%	15.42%	14.19%	14.62%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%

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

EXHIBIT H

NORTH HAMPTON 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, 2021

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Contractually required contribution	$ 109,844	$ 107,194	$ 59,263	$ 58,848	$ 62,409
Contributions in relation to the contractually required contribution	109,844	107,194	59,263	58,848	62,409
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	$ 4,150,032	$ 4,091,102	$ 3,976,823	$ 3,985,052	$ 4,038,502
Contributions as a percentage of covered payroll	2.65%	2.62%	1.49%	1.48%	1.55%

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

EXHIBIT I

NORTH HAMPTON 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, 2021

	June 30,			
	2018	2019	2020	2021
OPEB liability, beginning of year	$ 431,424	$ 452,866	$ 492,695	$ 191,997
Changes for the year:				
Service cost	22,733	22,781	20,903	11,878
Interest	16,019	18,132	17,914	4,417
Changes to benefit terms	-	-	(34,741)	-
Assumption changes and difference between actual and expected experience	-	-	(259,098)	-
Changes in assumptions	(3,901)	13,166	(42,118)	3,081
Benefit payments	(13,409)	(14,250)	(3,558)	(8,015)
OPEB liability, end of year	$ 452,866	$ 492,695	$ 191,997	$ 203,358
Covered payroll	$3,846,232	$4,185,661	$3,786,017	$3,786,017
Total OPEB liability as a percentage of covered payroll	11.77%	11.77%	5.07%	5.37%

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

NORTH HAMPTON SCHOOL DISTRICT

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS LIABILITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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, 2021. 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.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

Methods and Assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.0% per year
Wage Inflation	2.75% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Funding Discount Rate	3.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	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.
Health Care Trend Rates	Not applicable, given that benefits are fixed stipends.
Aging Factors	Not applicable, given that the benefits are fixed stipends.

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

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, 2021. 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
NORTH HAMPTON SCHOOL DISTRICT
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	$ 7,224,679	$ 7,224,679	$ -
Other local sources:			
Tuition	40,000	41,020	1,020
Investment earnings	2,000	1,994	(6)
Miscellaneous	-	46,483	46,483
Total from other local sources	42,000	89,497	47,497
State sources:			
Adequacy aid (tax)	1,696,634	1,696,634	-
Catastrophic aid	16,000	23,247	7,247
Total from state sources	1,712,634	1,719,881	7,247
Federal sources:			
Medicaid	27,500	38,930	11,430
Other	-	98,801	98,801
Total from federal sources	27,500	137,731	110,231
Other financing sources:			
Transfers in	27,157	27,157	-
Total revenues and other financing sources	9,033,970	$ 9,198,945	$ 164,975
Use of fund balance to reduce school district assessment	312,763		
Use of fund balance - appropriated	50,000		
Total revenues, other financing sources, and use of fund balance	$ 9,396,733		

SCHEDULE 2
NORTH HAMPTON SCHOOL DISTRICT
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	$ 412	$ 2,649,719	$ 2,700,063	$ 1,913	$ (51,845)
Special programs	355	1,590,088	1,590,108	2,031	(1,696)
Other programs	-	121,871	46,834	-	75,037
Total instruction	767	4,361,678	4,337,005	3,944	21,496
Support services:					
Student	-	261,884	263,910	-	(2,026)
Instructional staff	-	557,413	541,406	2,744	13,263
General administration	-	42,632	33,410	60	9,162
Executive administration	-	295,826	295,826	-	-
School administration	-	284,071	285,023	675	(1,627)
Operation and maintenance of plant	7,586	603,272	671,976	18,319	(79,437)
Student transportation	-	493,754	479,991	-	13,763
Other	66	2,110,998	1,995,761	-	115,303
Total support services	7,652	4,649,850	4,567,303	21,798	68,401
Debt service:					
Principal of long-term debt	-	110,000	110,000	-	-
Interest on long-term debt	-	23,005	23,005	-	-
Total debt service	-	133,005	133,005	-	-
Facilities acquisition and construction	-	65,000	62,679	-	2,321
Other financing uses:					
Transfers out	-	187,200	86,414	-	100,786
Total appropriations, expenditures, other financing uses, and encumbrances	$ 8,419	$ 9,396,733	$ 9,186,406	$ 25,742	$ 193,004

SCHEDULE 3
NORTH HAMPTON SCHOOL DISTRICT
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

Unassigned fund balance, beginning, as restated (see Note 15)		$ 305,944
Changes:		
Unassigned fund balance used to reduce school district assessment		(312,763)
Unassigned fund balance appropriated for use in 2020-2021		(50,000)
2020-2021 Budget summary:		
Revenue surplus (Schedule 1)	$ 164,975	
Unexpended balance of appropriations (Schedule 2)	193,004	
2020-2021 Budget surplus		357,979
Decrease in restricted fund balance		20,467
Decrease in committed fund balance		50,000
Unassigned fund balance, ending		$ 371,627

SCHEDULE 4
NORTH HAMPTON SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	Special Revenue Funds		
	Grants	Student Activity	Total
ASSETS			
Cash and cash equivalents	$ -	$ 20,764	$ 20,764
Intergovernmental receivable	5,685	-	5,685
Total assets	$ 5,685	$ 20,764	$ 26,449
LIABILITIES			
Interfund payable	$ 5,685	$ -	$ 5,685
FUND BALANCE			
Assigned	-	20,764	20,764
Total liabilities and fund balance	$ 5,685	$ 20,764	$ 26,449

SCHEDULE 5
NORTH HAMPTON SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021

	Special Revenue Funds		
	Grants	Student Activity	Total
REVENUES			
Other local	$ -	$ 63,352	$ 63,352
Federal	280,023	-	280,023
Total revenues	280,023	63,352	343,375
EXPENDITURES			
Current:			
Instruction	264,363	60,076	324,439
Support services:			
Instructional staff	13,712	-	13,712
General administration	1,948	-	1,948
Total expenditures	280,023	60,076	340,099
Net change in fund balances	-	3,276	3,276
Fund balances, beginning	-	17,488	17,488
Fund balances, ending	$ -	$ 20,764	$ 20,764