PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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 Merrimack School District, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the general and grants funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Merrimack School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Merrimack School District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Change in Accounting Principle

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

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

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

Supplementary Information – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Merrimack 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 Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The combining and individual fund schedules and the Schedule of Expenditures of Federal Awards 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 and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023 on our consideration of the Merrimack School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Merrimack School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Merrimack School District's internal control over financial reporting and compliance.

March 10, 2023
Concord, New Hampshire

PLODZIK & SANDERSON
Professional Association

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

	General	Grants	Permanent	Other Governmental Funds	Total Governmental Funds
REVENUES					
School district assessment	$53,653,239	$ -	$ -	$ -	$53,653,239
Other local	1,629,704	-	266,276	508,277	2,404,257
State	17,783,385	56,433	-	11,273	17,851,091
Federal	325,177	2,493,097	-	1,579,135	4,397,409
Unrealized loss on investments	(8,175)	-	(313,535)	-	(321,710)
Total revenues	73,383,330	2,549,530	(47,259)	2,098,685	77,984,286
EXPENDITURES					
Current:					
Instruction	29,673,727	1,649,610	-	279,910	31,603,247
Support services:					
Student	4,895,625	413,902	-	-	5,309,527
Instructional staff	1,736,497	151,618	-	-	1,888,115
General administration	182,013	22,645	-	-	204,658
Executive administration	1,764,293	-	39,708	-	1,804,001
School administration	2,469,850	-	-	-	2,469,850
Business	372,061	-	-	-	372,061
Operation and maintenance of plant	3,905,142	311,755	-	-	4,216,897
Student transportation	3,882,757	-	-	-	3,882,757
Other	22,426,810	-	-	-	22,426,810
Noninstructional services	-	-	-	1,446,220	1,446,220
Debt service:					
Principal	775,000	-	-	-	775,000
Interest	51,423	-	-	-	51,423
Facilities acquisition and construction	910,789	-	-	3,394,050	4,304,839
Total expenditures	73,045,987	2,549,530	39,708	5,120,180	80,755,405
Excess (deficiency) of revenues over (under) expenditures	337,343	-	(86,967)	(3,021,495)	(2,771,119)
OTHER FINANCING SOURCES (USES)					
Transfers in	170,200	-	-	-	170,200
Transfers out	-	-	(170,200)	-	(170,200)
Note issued	-	-	-	4,000,000	4,000,000
Lease inception	232,145	-	-	-	232,145
Total other financing sources (uses)	402,345	-	(170,200)	4,000,000	4,232,145
Net change in fund balances	739,688	-	(257,167)	978,505	1,461,026
Fund balances, beginning	10,093,613	7,945	5,382,091	158,761	15,642,410
Fund balances, ending	$10,833,301	$ 7,945	$5,124,924	$ 1,137,266	$17,103,436

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

EXHIBIT D-1
MERRIMACK SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
School district assessment	$ 53,653,239	$ 53,653,239	$ -
Other local	75,000	1,628,844	1,553,844
State	17,389,633	17,783,385	393,752
Federal	20,000	325,177	305,177
Total revenues	71,137,872	73,390,645	2,252,773
EXPENDITURES			
Current:			
Instruction	33,057,236	29,469,582	3,587,654
Support services:			
Student	5,206,349	4,895,625	310,724
Instructional staff	1,803,693	1,736,497	67,196
General administration	243,300	180,834	62,466
Executive administration	1,482,207	1,764,293	(282,086)
School administration	2,393,845	2,469,850	(76,005)
Business	379,406	369,237	10,169
Operation and maintenance of plant	4,275,176	3,905,760	369,416
Student transportation	4,098,658	3,882,757	215,901
Other	25,407,089	22,416,506	2,990,583
Debt service:			
Principal	775,000	775,000	-
Interest	80,416	51,423	28,993
Facilities acquisition and construction	98,566	680,466	(581,900)
Total expenditures	79,300,941	72,597,830	6,703,111
Excess (deficiency) of revenues over (under) expenditures	(8,163,069)	792,815	8,955,884
OTHER FINANCING SOURCES (USES)			
Transfers in	-	170,200	170,200
Transfers out	(1)	-	1
Total other financing uses	(1)	170,200	170,201
Net change in fund balance	$ (8,163,070)	963,015	$ 9,126,085
Increase in committed fund balance		(950,000)	
Decrease in assigned fund balance (non-encumbrance)		81	
Unassigned fund balance, beginning		8,163,070	
Unassigned fund balance, ending		$ 8,176,166	

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