

BATH SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

BATH SCHOOL DISTRICT
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PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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
Bath School District
Bath, New Hampshire

We have audited the accompanying financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Bath School District as of and for the year ended June 30, 2018, 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 of 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 unmodified and adverse opinions.

Summary of Opinions

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

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 1-M to the financial statements, management has not recorded the local portion of the long-term costs of retirement health care costs and obligations for other postemployment benefits in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position and increase the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities is not readily determinable.

***Bath School District
Independent Auditor's Report***

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the government-wide financial statements of the Bath School District, as of June 30, 2018, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and aggregate remaining fund information of the Bath School District as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2-D to the financial statements, in fiscal year 2018 the School District adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are modified with respect to this matter.

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 the Net Other Postemployment Benefits Liability,
- Schedule of the School District Contributions – Other Postemployment Benefits, and
- Notes to the Required Supplementary Information

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

March 7, 2019

*Plodzik & Sanderson
Professional Association*

BATH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Period Ending June 30, 2018

This discussion and analysis of the Bath School District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2018. Please read it in conjunction with District's financial statements.

Financial Highlights

- The District's governmental activities net position decreased by \$56,660 as a result of this year's operations.
- The District's General Fund fund balance decreased by \$47,588 as a result of this year's operation.
- The unassigned fund balance for the General Fund was \$0 as of June 30, 2018
- The School District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2018. The beginning net position for governmental activities was restated by \$94,016 for the OPEB provided by NHRS to retroactively report the decrease in the net OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.

Overview of the Financial Statements

Management's discussion and analysis introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and 4) required supplementary information. The government-wide financial statements present a long-term view and are designed to provide the reader with a broad overview of the District's finances as a whole. Governmental fund financial statements report the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant funds. The fiduciary fund statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the government.

Government-wide Financial Statements

One of the most important questions to ask about the District's finances: "Is the District as a whole better off or worse off as result of the year's activities?" The statement of net position and the statement of activities report information about the District as a whole and about the activities in a way that helps answer this question. The statements are prepared similar to private sector using the accrual basis of accounting. Under this basis of accounting, all of the current year's revenues and expenses are reported when earned or incurred regardless of when cash is paid or received.

The statement of net position is used to report all that the District owns and owes. The difference between the two is reported as net position. This classification of net position is broken into three categories, the first being the portion invested in capital assets net of the related debt to indicate that this amount is not really accessible for other purposes. A second portion of net position reflects resources not accessible for general use because their use is subject to restrictions enforceable by third parties of which the District did not report any at year end. Any remaining net position is classified as unrestricted.

The statement of activities is used to report all changes in a District's net position from one year to another. The statement is presented using a net cost format designed to highlight the portion of each functional activity that must be financed from the District's own resources. The statement first reports all direct costs associated with each functional activity, then reports dedicated outside resources (program revenues) as a direct reduction to arrive at the program's net cost to the district.

BATH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Period Ending June 30, 2018

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by state law. The District's School Board may establish other funds to help them control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies. This District uses governmental and fiduciary type funds.

Governmental Funds- Most of the District's operations are reported in the governmental funds. These funds place their focus on near term financing needs. Financial assets include cash as well as other assets that will convert to cash in the course of their ordinary lives. Governmental funds do not report capital assets, because such assets will be used in operations rather than be converted to cash and therefore are not available to spend. The District reports three governmental funds; the General Fund (which includes the expendable trust fund), the Grants Fund, and the Food Service Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

Fiduciary Funds - The District serves as trustee or fiduciary for student activities accounts. These activities are reported in the statement of fiduciary net position. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to Financial Statements

Notes to Financial Statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

Financial Analysis of the Government as a Whole

Government-wide Net Position – The following analysis focuses on the net position, and the changes in net position of the District as a whole. The net position of the District decreased \$56,660, from \$246,928, to \$190,268.

The following is a summary of the District's government-wide net position:

BATH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Period Ending June 30, 2018

				2017	Change	%
				(as restated)	2017-2018	Change
			<u>2018</u>			<u>2017-2018</u>
Assets						
Current Assets			\$ 225,237	\$ 180,635	\$ 44,602	24.69%
Capital Assets			874,524	864,034	10,490	1.21%
Total assets			1,099,761	1,044,669	55,092	5.27%
Deferred Outflows of Resources						
			199,396	291,315	(91,919)	-46.10%
Liabilities						
Other Liabilities			122,601	30,411	92,190	303.15%
Long Term Liabilities			945,097	1,025,690	(80,593)	-7.86%
Total Liabilities			1,067,698	1,056,101	11,597	1.10%
Deferred Inflows of Resources						
			41,191	32,955	8,236	19.99%
Net Position						
Net Investment in Capital Assets			874,524	864,034	10,490	1.21%
Restricted Net Position			1,199	1,199	-	0.00%
Unrestricted Net Position			(685,455)	(618,305)	(67,150)	10.86%
Total Net Position			\$ 190,268	\$ 246,928	\$ (56,660)	-22.95%

Government-wide Statement of Activities – Governmental activities reported total revenues of \$2,424,350 and total expenses of \$2,481,010 resulting in a decrease in net position of \$56,660.

The following is a summary of the District's governmental activities:

	June 30,	June 30,		Change in
	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>%</u>
Revenues				
Program Revenue				
Charges for Services	\$ 21,930	\$ 10,483	\$ 11,447	109.20%
Operating Grants & Contributions	79,125	74,030	5,095	6.88%
General Revenue				
School District Assessment	1,502,602	1,311,092	191,510	14.61%
Unrestricted Grants and Contributions	815,273	845,647	(30,374)	-3.59%
Unrestricted Investment Income	162	157	5	3.18%
Miscellaneous	5,258	4,805	453	9.43%

BATH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Period Ending June 30, 2018

Total Revenues	\$ 2,424,350	\$ 2,246,214	\$ 178,136	7.93%
Program Expenses				
Instruction	\$ 1,720,219	\$ 1,724,232	\$ (4,013)	-0.23%
Support Services:				
Student	63,725	54,971	8,754	15.92%
Instructional Staff	20,760	45,254	(24,494)	-54.13%
General Administration	8,263	20,045	(11,782)	-58.78%
Executive Administration	148,420	116,422	31,998	27.48%
School Administration	148,649	145,672	2,977	2.04%
Operation and Maintenance of Plant	164,693	159,477	5,216	3.27%
Student Transportation	117,867	109,579	8,288	7.56%
Other	17,298	5,940	11,358	191.21%
Noninstructional Services	71,116	60,092	11,024	18.35%
Total Expenses	2,481,010	2,441,684	39,326	1.61%
Change in Net Position	(56,660)	(195,470)	138,810	71.01%
Net Position, beginning, as restated	246,928	442,398	(195,470)	-44.18%
Net Position, ending	\$ 190,268	\$ 246,928	\$ (56,660)	-22.95%

For further discussion on the differences see discussion in the General Fund Budgetary Highlights section.

Financial Analysis of the District's Funds

Governmental funds – Governmental fund financial reporting focuses on short-term spendable resources and balances of spendable resources at year-end. The major governmental fund of the District is the General Fund (to include trust funds).

As of June 30, 2018, the District's governmental funds reported combined ending fund balances of \$102,636. Of this \$725 was classified as nonspendable, \$1,199 was restricted, and \$100,712 was committed.

General Fund - The General Fund is the primary operating fund of the District and supports the majority of the services provided by the District. Total fund balance of the General Fund as of June 30, 2018 was \$101,437 of which \$0 was unassigned. The General Fund had a decrease in fund balance of \$47,588 for the year ending June 30, 2018.

For further discussion on the differences see discussion in the General Fund Budgetary Highlights section.

Grants Fund - The Grants Fund is used to account for activity associated with grants from Federal, State and local sources. Total fund balance of the Grants Fund as of June 30, 2018 was \$1,199.

Food Service Fund - The Food Service Fund is used to account for activity of the District's hot lunch program and related food service activities. Total fund balance of the Food Service Fund as of June 30, 2018 was \$0.

Fiduciary Fund – The fiduciary fund is comprised of student activities funds held in a fiduciary capacity by the District and activity related to various trust accounts. The activity of the fund can be reviewed on page 16 of the financial statements.

BATH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Period Ending June 30, 2018

General Fund Budgetary Highlights

The schedule comparing the School District's original budget and actual results are included on page 15.

For the year ending June 30, 2018, actual General Fund revenues, on a budget basis, were \$2,354,666 compared to budgeted amounts of \$2,330,222. Differences in actual versus budgeted amounts were primarily the results of the following items:

- **Tuition-Other LEAs:** Over budget \$10,400 ~ Student moved in.
- **Other Local Revenue:** Over budget \$3,950 ~ Due to E-Rate funds ("Information Services" is where the offsetting expense occurs).
- **Medicaid:** Over budget \$10,000 ~ Based on actual expenses/student needs.

For the year ending June 30, 2018, actual General Fund expenditures, on a budget basis, were \$2,345,412 compared to budgeted amounts of \$2,344,309. Differences in actual versus budgeted amounts were primarily the results of the following items:

- **Regular Education:** Under budget \$19,600 ~ Due mostly to tuition costs.
- **Special Education:** Over budget \$53,000 ~ Due mostly to tuition and related costs.
- **French Pond & King Street Schools:** Over budget \$23,000 ~ based on student need.
- **Vocational Education:** Over budget \$44,400 ~ More students enrolled than budgeted. Offset by some savings in regular education tuition.
- **Speech/Language Services:** Under budget \$14,000 ~ Based on student need.
- **Buildings & Grounds:** Over budget \$1,050 ~ Although Operations of Building is over budget \$16,300, Grounds is under budget by \$15,300. Expenses here include the walkway (\$6,900) and 10% of a new PA System (80% funded by State Infrastructure Funds and 10% by the Town). Also, the egress project of \$21,545 is expensed here. However, \$6,700 was paid from the trust fund and the balance of \$14,800 was earmarked from FY2017.
- **Transportation:** Under budget \$30,000 ~ Regular education is under \$5,000 and special education is under \$25,000.
- **Transfer to Food Service:** Over budget \$22,900 ~ Based on actual expenses.

Capital Assets and Debt Administration

Capital assets – The District's investment for its governmental activities as of June 30, 2018 was \$874,524 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and equipment at book value.

	Governmental Activities		Increase	%
	<u>2018</u>	<u>2017</u>	<u>(Decrease)</u>	<u>Increase</u> <u>(Decrease)</u>
Land	\$ 1,118	\$ 1,118	\$ -	0.00%
Land Improvements	24,444	24,444	-	0.00%
Building & Building Improvements	1,126,586	1,105,041	21,545	1.95%
Equipment	109,523	106,096	3,427	3.23%
Total Historical Costs	1,261,671	1,236,699	24,972	2.02%
Total Accumulated Depreciation	(387,147)	(372,665)	(14,482)	3.89%
Net Capital Assets	\$ 874,524	\$ 864,034	\$ 10,490	1.21%

BATH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Period Ending June 30, 2018

Long-term liabilities – As of June 30, 2018, the District's total outstanding long-term liabilities consisted of accrued compensated absences, pension related liabilities, and net other postemployment benefits. For the year ending June 30, 2018, the District did not acquire any new long-term liabilities.

	Governmental Activities		Increase (Decrease)	% Increase (Decrease)
	<u>2018</u>	2017 (as restated)		
Compensated Absences	\$ 1,910	\$ 1,574	\$ 336	17.59%
Other Postemployment Benefits	\$ 99,454	\$ 105,251	\$ (5,797)	-5.51%
Net Pension Liability	843,733	918,865	(75,132)	-8.18%
Total Long Term Debt	\$ 945,097	\$ 1,025,690	\$ (80,593)	-7.86%

Future Budgetary Implications

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

- Health insurance rates
- Fluctuations in student enrollment
- Change in special education costs due to student need
- Change of State formula of Adequate Education Aid

Request for Information

This financial report is designed to provide a general overview of the finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Kathryn Ducharme, Business Manager, SAU #23, 2975 Dartmouth College Highway, North Haverhill, NH 03774.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
BATH SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 74,366
Other receivables	8,298
Intergovernmental receivable	141,848
Prepaid items	725
Capital assets, not being depreciated	1,118
Capital assets, net of accumulated depreciation	873,406
Total assets	1,099,761
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	191,865
Amounts related to other postemployment benefits	7,531
Total deferred outflows of resources	199,396
LIABILITIES	
Accounts payable	31,228
Accrued salaries and benefits	2,265
Intergovernmental payable	89,108
Noncurrent obligations:	
Due in more than one year	945,097
Total liabilities	1,067,698
DEFERRED INFLOWS OF RESOURCES	
Amounts related to pensions	40,877
Amounts related to other postemployment benefits	314
Total deferred inflows of resources	41,191
NET POSITION	
Net investment in capital assets	874,524
Restricted for grants	1,199
Unrestricted	(685,455)
Total net position	\$ 190,268

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT B
BATH SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Instruction	\$ 1,720,219	\$ 10,395	\$ 48,983	\$ (1,660,841)
Support services:				
Student	63,725	-	-	(63,725)
Instructional staff	20,760	-	9,772	(10,988)
General administration	8,263	-	-	(8,263)
Executive administration	148,420	-	814	(147,606)
School administration	148,649	-	-	(148,649)
Operation and maintenance of plant	164,693	-	-	(164,693)
Student transportation	117,867	-	-	(117,867)
Other	17,298	-	2,077	(15,221)
Noninstructional services	71,116	11,535	17,479	(42,102)
Total governmental activities	<u>\$ 2,481,010</u>	<u>\$ 21,930</u>	<u>\$ 79,125</u>	<u>(2,379,955)</u>
General revenues:				
School district assessment				1,502,602
Grants and contributions not restricted to specific programs				815,273
Interest				162
Miscellaneous				5,258
Total general revenues				<u>2,323,295</u>
Change in net position				(56,660)
Net position, beginning as restated (see Note 13)				<u>246,928</u>
Net position, ending				<u>\$ 190,268</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-1
BATH SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 73,224	\$ 1,142	\$ 74,366
Receivables:			
Accounts	8,298	-	8,298
Intergovernmental	133,939	7,909	141,848
Interfund receivables	5,434	-	5,434
Prepaid items	725	-	725
Total assets	<u>\$ 221,620</u>	<u>\$ 9,051</u>	<u>\$ 230,671</u>
LIABILITIES			
Accounts payable	\$ 28,810	\$ 2,418	\$ 31,228
Accrued salaries and benefits	2,265	-	2,265
Intergovernmental payable	89,108	-	89,108
Interfund payable	-	5,434	5,434
Total liabilities	<u>120,183</u>	<u>7,852</u>	<u>128,035</u>
FUND BALANCES			
Nonspendable	725	-	725
Restricted	-	1,199	1,199
Committed	100,712	-	100,712
Total fund balances	<u>101,437</u>	<u>1,199</u>	<u>102,636</u>
Total liabilities and fund balances	<u>\$ 221,620</u>	<u>\$ 9,051</u>	<u>\$ 230,671</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-2
BATH SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2018

Total fund balances of governmental funds (Exhibit C-1)		\$ 102,636
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	\$ 1,261,671	
Less accumulated depreciation	<u>(387,147)</u>	874,524
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	\$ 191,865	
Deferred inflows of resources related to pensions	(40,877)	
Deferred outflows of resources related to OPEB	7,531	
Deferred inflows of resources related to OPEB	<u>(314)</u>	158,205
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (5,434)	
Payables	<u>5,434</u>	-
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Compensated absences	\$ (1,910)	
Other postemployment benefits	(99,454)	
Net pension liability	<u>(843,733)</u>	(945,097)
Net position of governmental activities (Exhibit A)		<u><u>\$ 190,268</u></u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-3
BATH SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
School district assessment	\$ 1,502,602	\$ -	\$ 1,502,602
Other local	15,815	13,872	29,687
State	818,876	396	819,272
Federal	17,438	55,351	72,789
Total revenues	<u>2,354,731</u>	<u>69,619</u>	<u>2,424,350</u>
EXPENDITURES			
Current:			
Instruction	1,683,197	27,942	1,711,139
Support services:			
Student	63,725	-	63,725
Instructional staff	10,500	9,772	20,272
General administration	20,163	-	20,163
Executive administration	147,606	814	148,420
School administration	145,175	-	145,175
Operation and maintenance of plant	156,763	-	156,763
Student transportation	117,867	-	117,867
Other	15,221	2,077	17,298
Noninstructional services	-	71,116	71,116
Total expenditures	<u>2,360,217</u>	<u>111,721</u>	<u>2,471,938</u>
Deficiency of revenues under expenditures	<u>(5,486)</u>	<u>(42,102)</u>	<u>(47,588)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	42,102	42,102
Transfers out	<u>(42,102)</u>	<u>-</u>	<u>(42,102)</u>
Total other financing sources (uses)	<u>(42,102)</u>	<u>42,102</u>	<u>-</u>
Net change in fund balances	(47,588)	-	(47,588)
Fund balances, beginning	<u>149,025</u>	<u>1,199</u>	<u>150,224</u>
Fund balances, ending	<u>\$ 101,437</u>	<u>\$ 1,199</u>	<u>\$ 102,636</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-4
BATH 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, 2018

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ (47,588)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 34,667	
Depreciation expense	<u>(24,177)</u>	10,490
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (42,102)	
Transfers out	<u>42,102</u>	-
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Increase in compensated absences payable	\$ (336)	
Change in net OPEB liability and deferred outflows and inflows of resources related to OPEB	1,779	
Change in net pension liability and deferred outflows and inflows of resources related to pensions	<u>(21,005)</u>	<u>(19,562)</u>
Change in net position of governmental activities (Exhibit B)		<u><u>\$ (56,660)</u></u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT D
BATH 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, 2018

	Budgeted Amounts		Actual	Variance
	Original	Budget		Positive (Negative)
REVENUES				
School district assessment	\$ 1,502,602	\$ 1,502,602	\$ 1,502,602	\$ -
Other local	1,310	1,310	15,750	14,440
State	818,910	818,910	818,876	(34)
Federal	7,400	7,400	17,438	10,038
Total revenues	2,330,222	2,330,222	2,354,666	24,444
EXPENDITURES				
Current:				
Instruction	1,591,107	1,624,401	1,683,197	(58,796)
Support services:				
Student	77,370	77,370	63,725	13,645
Instructional staff	16,610	16,610	10,500	6,110
General administration	18,355	18,355	20,163	(1,808)
Executive administration	147,606	147,606	147,606	-
School administration	149,325	149,325	145,175	4,150
Operation and maintenance of plant	153,503	153,503	141,958	11,545
Student transportation	146,959	146,959	117,867	29,092
Other	10,180	10,180	15,221	(5,041)
Total expenditures	2,311,015	2,344,309	2,345,412	(1,103)
Excess (deficiency) of revenues over (under) expenditures	19,207	(14,087)	9,254	23,341
OTHER FINANCING SOURCES (USES)				
Transfers in	-	33,294	33,294	-
Transfers out	(19,210)	(19,210)	(42,102)	(22,892)
Total other financing sources (uses)	(19,210)	14,084	(8,808)	(22,892)
Net change in fund balance	\$ (3)	\$ (3)	446	\$ 449
Increase in nonspendable fund balance			(450)	
Unassigned fund balance, beginning			4	
Unassigned fund balance, ending			\$ -	

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT E
BATH SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2018

	<u>Agency</u>
ASSETS	
Cash and cash equivalents	<u>\$ 8,238</u>
LIABILITIES	
Due to student groups	<u>\$ 8,238</u>

The notes to the basic financial statements are an integral part of this statement.

BATH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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BATH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Bath School District, in Bath, 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.

In 2018 the School District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which changed the way other postemployment benefit (OPEB) liabilities and related expenses are recorded. See Note 1-M for further information on this pronouncement.

1-A Reporting Entity

The Bath School District is a municipal corporation governed by an elected 3-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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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, debt service or facilities acquisition and construction. Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Debt service includes both interest and principal outlays related to bonds. 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*, as are the fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when 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.

BATH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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 fund:

General Fund – is the School District’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include district assessments, state and federal grants, and other local sources. The primary expenditures are for instruction and support services. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the expendable trust funds are consolidated in the general fund.

Fiduciary Fund Financial Statements – Fiduciary fund financial statements include a Statement of Net Position. These funds account for resources held by the School District for the benefit of other parties, and include the agency funds. Fiduciary funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting.

Nonmajor Funds – The School District also reports two nonmajor governmental funds. All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

1-D Cash and Cash Equivalents

The School District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits. A cash pool is maintained that is available for use by all funds. Each fund’s portion of this pool is reflected on the combined financial statements under the caption “cash and cash equivalents.”

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

1-E Receivables

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

1-F Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and governmental fund financial statements and expensed as the items are used.

BATH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

1-G Capital Assets

Capital assets are defined by the School District as assets with an initial individual cost of \$5,000 or more and an estimated life in excess of one year. Capital assets include property and equipment and are reported in governmental activities.

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. When cost of general capital assets cannot be determined from available records, estimated historical cost is used.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend lives are not capitalized.

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 or amortized using the straight-line method over the following estimated useful lives:

Capital Asset Class:	<u>Years</u>
Land improvements	20
Buildings and building improvements	150
Equipment	5-20

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, 2018.

1-J 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.

1-K Compensated Absences

The School District’s policy allows certain employees to earn varying amounts of vacation pay based on the employee’s length of employment. Upon retirement or termination of employment, employees are paid in full for any accrued leave earned as set forth by personnel policy.

An expense and a liability for vacation pay and salary-related payments are accrued as the leave is earned in the government-wide financial statements. The compensated absences liability is liquidated using funds to which the liability accrued as the accumulated leave is used.

BATH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

1-L 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-M Postemployment Benefits Other Than Pensions (OPEB)

The School District maintains two 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 purpose of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has not been determined since the School District has not obtained an actuarial report.

1-N 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.

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.

BATH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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.

When multiple net position/fund balance classifications are available for use, it is the government'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-O 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 during the period reported. These estimates include assessing the collectability of accounts receivable and the useful lives of capital assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the School District's operations. At its annual meeting, the School District adopts a budget for the current year for the general fund, as well as the nonmajor grants and food service funds. Except as reconciled below, the budget was adopted on a basis consistent with United States generally accepted accounting principles.

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 2018, \$3 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

The School District employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis presents the actual results to provide a comparison with the budget. The major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year-end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

BATH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

The following reconciles the general fund budgetary basis to the GAAP basis:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 2,387,960
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Interest earnings related to the blended expendable trust funds	65
To remove transfer from the blended expendable trust fund to the general fund	<u>(33,294)</u>
Per Exhibit C-3 (GAAP Basis)	<u>\$ 2,354,731</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 2,387,514
Adjustments:	
Basis difference:	
Encumbrances, beginning	14,805
Encumbrances, ending	<u>-</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 2,402,319</u>

2-C Excess of Expenditures over Appropriations

The general fund had an excess of expenditures over appropriations for the year ended June 30, 2018 in the amount of \$23,995. Overexpenditures were due to the receipt and expenditure of anticipated funds.

There was no indication that approval was obtained by the Department of Education.

2-D Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. Beginning net position for governmental activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, deferred inflows and outflows of resources as follows:

	State
	<u>OPEB</u>
Change in total OPEB liability under current standards, July 1	\$ (105,251)
Initial balance of deferred outflows of resources	11,235
Cumulative restatement related to GASB No. 75 implementation (see Note 13)	<u>\$ (94,016)</u>

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. As of year-end, the carrying amount of the School District's deposits was \$82,604 and the bank balances totaled \$111,315. Petty cash totaled \$100.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 74,366
Cash per Statement of Net Position - Fiduciary Funds (Exhibit E)	<u>8,238</u>
Total cash and cash equivalents	<u>\$ 82,604</u>

BATH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

NOTE 4 – RECEIVABLES

Receivables at June 30, 2018, consisted of accounts and intergovernmental amounts arising from grants, school lunch program, and expendable trust funds held by the Town of Bath 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, 2018 consisted of the following:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, ending</u>
At cost:				
Not being depreciated:				
Land	\$ 1,118	\$ -	\$ -	\$ 1,118
Being depreciated:				
Land improvements	24,444	-	-	24,444
Buildings and building improvements	1,105,041	21,545	-	1,126,586
Equipment	106,096	13,122	(9,695)	109,523
Total capital assets being depreciated	<u>1,235,581</u>	<u>34,667</u>	<u>(9,695)</u>	<u>1,260,553</u>
Total capital assets	<u>1,236,699</u>	<u>34,667</u>	<u>(9,695)</u>	<u>1,261,671</u>
Less accumulated depreciation:				
Land improvements	(19,555)	(1,222)	-	(20,777)
Buildings and building improvements	(288,703)	(15,806)	-	(304,509)
Equipment	(64,407)	(7,149)	9,695	(61,861)
Total accumulated depreciation	<u>(372,665)</u>	<u>(24,177)</u>	<u>9,695</u>	<u>(387,147)</u>
Net book value, capital assets being depreciated	<u>862,916</u>	<u>10,490</u>	<u>-</u>	<u>873,406</u>
Net book value, all capital assets	<u>\$ 864,034</u>	<u>\$ 10,490</u>	<u>\$ -</u>	<u>\$ 874,524</u>

Depreciation expense was charged to functions of the School District based on their usage of the related assets. The amounts allocated to each function are as follows:

Instruction	\$ 15,806
Support services:	
General administration	1,222
Operation and maintenance of plant	7,149
Total depreciation expense	<u>\$ 24,177</u>

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consisting of overdrafts in pooled cash at June 30, 2018 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor	<u>\$ 5,434</u>

Interfund transfers during the year ended June 30, 2018 are as follows:

	<u>Transfers In:</u>
	Nonmajor
	Fund
Transfers out:	
General fund	<u>\$ 42,102</u>

BATH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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

NOTE 7 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at June 30, 2018 consist of the following:

Balance due to Haverhill Cooperative School District	\$81,514
Balance due to School Administrative Unit No. 23	7,446
Balance due to U.S. Postmaster	<u>148</u>
Total intergovernmental payables due	<u><u>\$89,108</u></u>

NOTE 8 – LONG-TERM LIABILITIES

Changes in the School District’s long-term liabilities consisted of the following for the year ended June 30, 2018:

	Balance			Balance June 30, 2018	Due Within One Year
	July 1, 2017 (as restated)	Additions	Reductions		
Compensated absences	\$ 1,574	\$ 336	\$ -	\$ 1,910	\$ -
Net other postemployment benefits	105,251	-	5,797	99,454	-
Pension related liability	918,865	-	75,132	843,733	-
Total long-term liabilities	<u>\$ 1,025,690</u>	<u>\$ 336</u>	<u>\$ 80,929</u>	<u>\$ 945,097</u>	<u>\$ -</u>

NOTE 9 – 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 with in 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 – 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. All assets are held in a single trust and available to pay retirement benefits to all members.

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC) multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by ¼ of 1% or age 60.

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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 2018, the School District contributed 15.70% for teachers and 11.08% for other employees. The contribution requirement for the fiscal year 2018 was \$77,719, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the School District reported a liability of \$843,733 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2017, the School District’s proportion was 0.01715604% which was a decrease of 0.00012366% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized pension expense of \$94,542. At June 30, 2018, 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	\$ 27,511	\$ 19,394
Net difference between projected and actual investment earnings on pension plan investments	-	10,745
Changes in assumptions	84,722	-
Differences between expected and actual experience	1,913	10,738
Contributions subsequent to the measurement date	77,719	-
Total	\$ 191,865	\$ 40,877

The \$77,719 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, 2019. 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,	
2018	\$ 20,573
2019	38,325
2020	28,873
2021	(14,502)
Thereafter	-
Totals	\$ 73,269

Actuarial Assumptions – The collective total pension liability was determined by an actuarial performed as of June 30, 2016, rolled forward to June 30, 2017, using the following assumptions:

Inflation:	2.5%	
Salary increases:	5.6% average, including inflation	
Investment rate of return:	7.25% net of pension plan investment expense, including inflation	

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Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on last experience study.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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 2017:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2017
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.25%
Total international equity	20.00%	
Core Bonds	5.00%	0.75%
Short Duration	2.00%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	2.11%
Absolute Return Fixed Income	7.00%	1.26%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.75%
Opportunistic	5.00%	2.84%
Total alternative investments	15.00%	
Real estate	10.00%	3.25%
Total	100.00%	

Discount Rate – The discount rate used to measure the collective total pension liability was 7.25%. 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 7.25% 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 (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2017	<u>\$ 1,111,576</u>	<u>\$ 843,733</u>	<u>\$ 624,246</u>

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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 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

10-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 2017 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 years 2017 and 2016 were as follows:

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

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

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2017, 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 2018, the School District contributed 1.66% for teachers and 0.30% for other employees. The contribution requirement for the fiscal year 2018 was \$7,516, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2018, the School District reported a liability of \$99,454 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. 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, 2017, the School District’s proportion was 0.02175128% which was an increase of 0.00001002% from its proportion measured as of June 30, 2016.

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For the year ended June 30, 2018, the School District recognized OPEB expense of \$7,395. At June 30, 2018, 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	\$ 15	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	-	314
Contributions subsequent to the measurement date	7,516	-
Total	\$ 7,531	\$ 314

The \$7,516 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, 2019. 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,	
2018	\$ (63)
2019	(78)
2020	(78)
2021	(80)
Thereafter	-
Totals	\$ (299)

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2016 and a measurement date of June 30, 2017. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:	2.5 % per year
Wage inflation:	3.25 % per year
Salary increases:	5.6 % average, including inflation
Investment rate of return:	7.25 % 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 RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on last experience study.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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.

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Following is a table presenting target allocations and long-term rates of return for 2017:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2017</u>
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.25%
Total international equity	20.00%	
Core Bonds	5.00%	0.75%
Short Duration	2.00%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	2.11%
Absolute Return Fixed Income	7.00%	1.26%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.75%
Opportunistic	5.00%	2.84%
Total alternative investments	15.00%	
Real estate	10.00%	3.25%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2017 was 7.25%. 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 7.25% 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 (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2017	\$ 108,236	\$ 99,454	\$ 91,846

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.

10-B Retiree Health Benefit Program

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

BATH SCHOOL DISTRICT
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The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The School District has not fully implemented GASB Statement No. 75 at June 30, 2018, or contracted with an actuarial firm to assist in evaluating the impact of this new standard on the School District. The amounts that should be recorded as the net OPEB liability and the OPEB expense is unknown.

NOTE 11 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at June 30, 2018 include the following:

Net investment in capital assets:	
Net book value of all capital assets	\$ 874,524
Restricted for grants	1,199
Unrestricted	<u>(685,455)</u>
Total net position	<u>\$ 190,268</u>

NOTE 12 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2018 consist of the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:			
Prepaid	\$ 725	\$ -	\$ 725
Restricted:			
Grants	<u>-</u>	<u>1,199</u>	<u>1,199</u>
Committed:			
Expendable trust	<u>100,712</u>	<u>-</u>	<u>100,712</u>
Total governmental fund balances	<u>\$ 101,437</u>	<u>\$ 1,199</u>	<u>\$ 102,636</u>

NOTE 13 – PRIOR PERIOD ADJUSTMENT

Net position at July 1, 2017 was restated for the following:

	Government-wide Statements
To restate for the cumulative changes related to implementation of GASB No. 75, see Note 2-D	\$ (94,016)
Net position, as previously reported	<u>340,944</u>
Net position, as restated	<u>\$ 246,928</u>

NOTE 14 – 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 2018, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2017 to June 30, 2018 by Primex³, which retained \$1,000,000 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 Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable,

BATH SCHOOL DISTRICT
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and a reasonable estimate of the amount, if any. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year. The School District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 15 – 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 16 – 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 March 7, 2019, the date the June 30, 2018 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
BATH 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, 2018

	June 30,				
	2014	2015	2016	2017	2018
School District's proportion of the net pension liability	0.02%	0.02%	0.02%	0.02%	0.02%
School District's proportionate share of the net pension liability	\$ 710,384	\$ 655,071	\$ 659,609	\$ 918,865	\$ 843,733
School District's covered payroll	\$ 485,002	\$ 461,655	\$ 497,745	\$ 514,955	\$ 505,253
School District's proportionate share of the net pension liability as a percentage of its covered payroll	146.47%	141.90%	132.52%	178.44%	166.99%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%	65.47%	58.30%	62.66%

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

EXHIBIT G
BATH 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, 2018

	June 30,				
	2014	2015	2016	2017	2018
Contractually required contribution	\$ 41,043	\$ 56,618	\$ 55,860	\$ 61,875	\$ 62,850
Contributions in relation to the contractually required contributions	<u>41,043</u>	<u>56,618</u>	<u>55,860</u>	<u>61,875</u>	<u>62,850</u>
Contribution deficiency	<u>\$ -</u>				
School District's covered payroll	<u>\$ 485,002</u>	<u>\$ 461,655</u>	<u>\$ 497,745</u>	<u>\$ 514,955</u>	<u>\$ 505,253</u>
Contributions as a percentage of covered payroll	8.46%	12.26%	11.22%	12.02%	12.44%

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

EXHIBIT H
BATH 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, 2018

	June 30,	
	2017	2018
School District's proportion of the net OPEB liability	0.02%	0.02%
School District's proportionate share of the net OPEB liability	\$ 105,251	\$ 99,454
School District's covered payroll	\$ 514,955	\$ 505,253
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	20.44%	19.68%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%

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

EXHIBIT I
BATH 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, 2018

	June 30,	
	2017	2018
Contractually required contribution	\$ 12,633	\$ 12,892
Contributions in relation to the contractually required contribution	<u>12,633</u>	<u>12,892</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 514,955</u>	<u>\$ 505,253</u>
Contributions as a percentage of covered payroll	2.45%	2.55%

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

BATH SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

***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 H and I represent the actuarial determined costs associated with the School District’s other postemployment benefits at June 30, 2018. 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.

There were no changes to benefit terms or assumptions in the current actuarial valuation report.

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	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.56% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
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	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
BATH SCHOOL DISTRICT
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 1,502,602	\$ 1,502,602	\$ -
Other local sources:			
Tuition	-	10,395	10,395
Investment earnings	110	97	(13)
Miscellaneous	1,200	5,258	4,058
Total from other local sources	<u>1,310</u>	<u>15,750</u>	<u>14,440</u>
State sources:			
Adequacy aid (grant)	538,433	538,433	-
Adequacy aid (tax)	276,639	276,639	-
Vocational aid	3,838	3,804	(34)
Total from state sources	<u>818,910</u>	<u>818,876</u>	<u>(34)</u>
Federal sources:			
Medicaid	7,200	17,237	10,037
Federal forest reserve	200	201	1
Total from federal sources	<u>7,400</u>	<u>17,438</u>	<u>10,038</u>
Other financing sources:			
Transfers in	<u>33,294</u>	<u>33,294</u>	<u>-</u>
Total revenues and other financing sources	2,363,516	<u>\$ 2,387,960</u>	<u>\$ 24,444</u>
Use of fund balance to reduce school district assessment	<u>3</u>		
Total revenues, other financing sources, and use of fund balance	<u>\$ 2,363,519</u>		

SCHEDULE 2
BATH SCHOOL DISTRICT
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Encumbered from Prior Year	Appropriations	Expenditures	Variance Positive (Negative)
Current:				
Instruction:				
Regular programs	\$ -	\$ 1,416,056	\$ 1,386,455	\$ 29,601
Special programs	-	194,112	246,966	(52,854)
Vocational programs	-	-	44,400	(44,400)
Other	-	14,233	5,376	8,857
Total instruction	<u>-</u>	<u>1,624,401</u>	<u>1,683,197</u>	<u>(58,796)</u>
Support services:				
Student	-	77,370	63,725	13,645
Instructional staff	-	16,610	10,500	6,110
General administration	-	18,355	20,163	(1,808)
Executive administration	-	147,606	147,606	-
School administration	-	149,325	145,175	4,150
Operation and maintenance of plant	14,805	153,503	156,763	11,545
Student transportation	-	146,959	117,867	29,092
Other	-	10,180	15,221	(5,041)
Total support services	<u>14,805</u>	<u>719,908</u>	<u>677,020</u>	<u>57,693</u>
Other financing uses:				
Transfers out	<u>-</u>	<u>19,210</u>	<u>42,102</u>	<u>(22,892)</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 14,805</u>	<u>\$ 2,363,519</u>	<u>\$ 2,402,319</u>	<u>\$ (23,995)</u>

SCHEDULE 3
BATH SCHOOL DISTRICT
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

Unassigned fund balance, beginning	\$	4
Changes:		
Unassigned fund balance used to reduce school district assessment		(3)
2017-2018 Budget summary:		
Revenue surplus (Schedule 1)	\$ 24,444	
Over expenditure of appropriations (Schedule 2)	<u>(23,995)</u>	
2017-2018 Budget surplus		449
Increase in nonspendable fund balance		<u>(450)</u>
Unassigned fund balance, ending	\$	<u><u>-</u></u>

SCHEDULE 4
BATH SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018

	<u>Special Revenue Funds</u>		
	<u>Grants</u>	<u>Food Service</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,142	\$ 1,142
Receivables:			
Intergovernmental	<u>7,357</u>	<u>552</u>	<u>7,909</u>
Total assets	<u>\$ 7,357</u>	<u>\$ 1,694</u>	<u>\$ 9,051</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 724	\$ 1,694	\$ 2,418
Interfund payable	<u>5,434</u>	<u>-</u>	<u>5,434</u>
Total liabilities	<u>6,158</u>	<u>1,694</u>	<u>7,852</u>
FUND BALANCES			
Restricted	<u>1,199</u>	<u>-</u>	<u>1,199</u>
Total liabilities and fund balances	<u>\$ 7,357</u>	<u>\$ 1,694</u>	<u>\$ 9,051</u>

SCHEDULE 5
BATH SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	Special Revenue Funds		
	Grants	Food Service	Total
Revenues:			
Other local	\$ 2,337	\$ 11,535	\$ 13,872
State	-	396	396
Federal	38,268	17,083	55,351
Total revenues	<u>40,605</u>	<u>29,014</u>	<u>69,619</u>
Expenditures:			
Current:			
Instruction	27,942	-	27,942
Support services:			
Instructional staff	9,772	-	9,772
Executive administration	814	-	814
Other	2,077	-	2,077
Noninstructional services	-	71,116	71,116
Total expenditures	<u>40,605</u>	<u>71,116</u>	<u>111,721</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>(42,102)</u>	<u>(42,102)</u>
Other financing sources:			
Transfers in	<u>-</u>	<u>42,102</u>	<u>42,102</u>
Net change in fund balances	-	-	-
Fund balances, beginning	1,199	-	1,199
Fund balances, ending	<u>\$ 1,199</u>	<u>\$ -</u>	<u>\$ 1,199</u>

SCHEDULE 6
BATH SCHOOL DISTRICT
Bath Village School Student Activities Fund
Schedule of Changes in Student Activities Fund
For the Fiscal Year Ended June 30, 2018

Balance, beginning	Additions	Deductions	Balance, ending
\$ 9,176	\$ 14,538	\$ 15,476	\$ 8,238
