

**SCHOOL ADMINISTRATIVE UNIT NO. 23**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

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# PLODZIK & SANDERSON

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

To the Members of the School Administrative Unit Board  
School Administrative Unit No. 23  
Haverhill, New Hampshire

We have audited the accompanying financial statements of the governmental activities and each major fund of the School Administrative Unit No. 23 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School Administrative Unit'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 opinions.

### **Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Grants Fund	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.

***School Administrative Unit No. 23  
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 School Administrative Unit No. 23, 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 each major fund of the School Administrative Unit No. 23 as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the general fund and grants 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-B to the financial statements, in fiscal year 2018 the School Administrative Unit 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 Administrative Unit's Proportionate Share of Net Pension Liability,
- Schedule of School Administrative Unit Contributions – Pensions,
- Schedule of the School Administrative Unit's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of the School Administrative Unit 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 School Administrative Unit No. 23's basic financial statements. The individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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 individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Plodzik & Sanderson  
Professional Association*

March 7, 2019

**SCHOOL ADMINISTRATIVE UNIT #23**  
**Management's Discussion & Analysis**  
**For the Period Ending June 30, 2018**

This discussion and analysis of the School Administrative Unit #23's financial performance provides an overview of the SAU's financial activities for the year ended June 30, 2018. Please read it in conjunction with SAU's financial statements.

**Financial Highlights**

- The SAU's governmental activities net position decreased by \$58,000 as a result of this year's operations.
- The SAU's General Fund fund balance increased by \$6,466 as a result of this year's operation.
- The unassigned fund balance for the General Fund was \$31,867 as of June 30, 2018.
- The SAU 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 \$148,570 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 SAU'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 SAU's finances as a whole. Governmental fund financial statements report the SAU's operations in more detail than the government-wide financial statements by providing information about the SAU's most significant funds.

**Government-wide Financial Statements**

One of the most important questions to ask about the SAU's finances: "Is the SAU 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 SAU 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 SAU 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 SAU 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 SAU'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

**SCHOOL ADMINISTRATIVE UNIT #23**  
**Management's Discussion & Analysis**  
**For the Period Ending June 30, 2018**

activity that must be financed from the SAU'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 SAU.

**Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds – not the SAU as a whole. Some funds are required to be established by state law. The SAU's 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 SAU uses governmental type funds.

Governmental Funds - The SAU'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 SAU reports two governmental funds; the General Fund and the Grants Fund. The SAU adopts an annual appropriated budget for both funds. A budgetary comparison schedule has been provided for the General and Grants Funds to demonstrate compliance with these budgets.

**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 SAU as a whole. The net position of the SAU decreased \$58,000, from (\$1,630,893), to (\$1,688,893).

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

	<u>2018</u>	<u>2017</u> <u>(as restated)</u>	<u>Change</u> <u>2017-2018</u>	<u>%</u> <u>Change</u> <u>2017-</u> <u>2018</u>
<b>Assets</b>				
Current Assets	\$ 139,146	\$ 241,806	\$ (102,660)	-42.46%
Capital Assets	63,775	70,723	(6,948)	-9.82%
Total assets	202,921	312,529	(109,608)	-35.07%
<b>Deferred Outflows of Resources</b>	578,759	813,392	(234,633)	-28.85%
<b>Liabilities</b>				
Other Liabilities	104,775	213,901	(109,126)	-51.02%
Long Term Liabilities	2,261,024	2,445,748	(184,724)	-7.55%
Total Liabilities	2,365,799	2,659,649	(293,850)	-11.05%
<b>Deferred Inflows of Resources</b>	104,774	97,165	7,609	7.83%

**SCHOOL ADMINISTRATIVE UNIT #23**  
**Management's Discussion & Analysis**  
**For the Period Ending June 30, 2018**

<b>Net Position</b>				
Net Investment in Capital Assets	19,415	11,784	7,631	64.76%
Unrestricted Net Position	(1,708,308)	(1,642,677)	(65,631)	4.00%
Total Net Position	\$ (1,688,893)	\$ (1,630,893)	\$ (58,000)	3.56%

Government-wide Statement of Activities – Governmental activities reported total revenues of \$2,725,080 and total expenses of \$2,783,080 resulting in a decrease in net position of \$58,000.

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

	June 30, 2018	June 30, 2017	Change	Change in %
<b>Revenues</b>				
<b>Program Revenue</b>				
Charges for Services	\$ 1,317,129	\$ 1,371,973	\$ (54,844)	-4.00%
Operating Grants & Contributions	278,012	300,847	(22,835)	-7.59%
<b>General Revenue</b>				
School Districts' Assessment	1,119,077	954,816	164,261	17.20%
Unrestricted Investment Income	42	39	3	7.69%
Miscellaneous	10,820	11,390	(570)	-5.00%
Total Revenues	\$ 2,725,080	\$ 2,639,065	\$ 86,015	3.26%
<b>Program Expenses:</b>				
Instruction	\$ 913,587	\$ 902,700	\$ 10,887	1.21%
Support Services:				
Student	722,611	799,182	(76,571)	-9.58%
Instructional Staff	157,176	164,462	(7,286)	-4.43%
General Administration	17,696	18,448	(752)	-4.08%
Executive Administration	808,843	841,376	(32,533)	-3.87%
School Administration	-	4,325	(4,325)	-
				100.00%
Business	543	5,254	(4,711)	-89.67%
Operation and Maintenance of Plant	128,656	130,704	(2,048)	-1.57%
Student Transportation	-	1,667	(1,667)	-
				100.00%
Other	33,968	29,604	4,364	14.74%
Total Expenses	2,783,080	2,897,722	(114,642)	-3.96%
Change in Net Position	(58,000)	(258,657)	200,657	77.58%
Change Related to Implementation of GASB #75	-	(148,570)	148,570	100.00%
Net Position, beginning, as restated	(1,630,893)	(1,223,666)	(407,227)	33.28%
Net Position, ending	\$ (1,688,893)	\$ (1,630,893)	\$ (58,000)	3.56%

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

**SCHOOL ADMINISTRATIVE UNIT #23**  
**Management's Discussion & Analysis**  
**For the Period Ending June 30, 2018**

**Financial Analysis of the SAU'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 funds of the SAU are the General and Grants Fund.

As of June 30, 2018, the SAU's governmental funds reported combined ending fund balances of \$34,371. Of this \$2,504 was classified as nonspendable and \$31,867 was unassigned.

General Fund - The General Fund is the primary operating fund of the SAU and supports the majority of the services provided by the SAU. Total fund balance of the General Fund as of June 30, 2018 was \$34,371 of which \$31,867 was unassigned. The General Fund had an increase in fund balance of \$6,466 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 \$0.

**General Fund Budgetary Highlights**

The schedule comparing the SAU's original budget and actual results are included on page 14.

For the year ending June 30, 2018, actual General Fund revenues, on a budget basis, were \$2,447,068 compared to budgeted amounts of \$2,526,546. Differences in actual versus budgeted amounts were primarily the results of the following items:

- **King Street & French Pond Schools Tuition:** Under budget \$37,000 (combined) ~ Total revenue for the KSS program is \$323,500 and expenditures are \$281,000 which results in a profit of \$42,500 for the year. KSS revenue is \$47,000 less than budgeted. Total revenue for the FPS program is \$210,000 and expenditures are \$264,700 which results in a loss of \$54,700 for the year. FPS revenue is \$9,700 more than budgeted.
- **Speech Services:** Under budget \$9,200 ~ Based on actual expenses.
- **Physical Therapy:** Under budget \$34,600 ~ Billed and directly paid by districts.
- **Occupational Therapy:** Under budget \$3,700 ~ Based on actual expenses.
- **Other Local Revenue:** Over budget \$5,300 ~ Additional E-rate funds received.

For the year ending June 30, 2018, actual General Fund expenditures, on a budget basis, were \$2,440,602 compared to budgeted amounts of \$2,526,546. Differences in actual versus budgeted amounts were primarily the results of the following items:

- **Salaries & Benefits:** Over budget \$22,500 ~ FY2018 actual amounts are higher than budgeted due to 1) increasing wages for staff based on the prior Superintendent's recommendation from a prior budget discussion; 2) an increase in NH Retirement System rates received after the SAU budget was set; 3) funding the balance of the Behavior Specialist position from the IDEA grant as there was not enough funds to cover; 4) increase in Technology Directory wages. This over expenditure is before the reduction for the Finance Clerk below.
- **Speech Summer School:** Under budget \$9,100 ~ Based on student need.
- **Physical Therapy Services:** Under budget \$34,600 ~ Billed and directly paid by districts.
- **Occupational Therapy:** Under budget \$6,300 ~ Based on student need.

**SCHOOL ADMINISTRATIVE UNIT #23  
Management's Discussion & Analysis  
For the Period Ending June 30, 2018**

- **Office of the Superintendent:** Under budget \$10,000 ~ Due mostly to savings from not replacing the Finance Clerk this year. Savings in such things as supplies, equipment, etc. due to the budget freeze.
- **Information Services (Technology):** Under budget \$8,300 ~ Due to budget freeze.

**Capital Assets and Debt Administration**

Capital assets – The SAU's investment for its governmental activities as of June 30, 2018 was \$63,775 (net of accumulated depreciation). This investment in capital assets includes intangibles, vehicles and machinery and equipment at book value.

	Governmental Activities		Increase	%
	<u>2018</u>	<u>2017</u>	<u>(Decrease)</u>	<u>Increase</u> <u>(Decrease)</u>
Intangible Assets	\$ 42,548	\$ 42,548	\$ -	0.00%
Vehicles	98,146	98,146	-	0.00%
Machinery and Equipment	41,457	34,943	6,514	18.64%
Total Historical Costs	182,151	175,637	6,514	3.71%
Total Accumulated Depreciation	(118,376)	(104,914)	(13,462)	12.83%
Net Capital Assets	\$ 63,775	\$ 70,723	\$ (6,948)	-9.82%

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

**Future Budgetary Implications**

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

- Health insurance rate increase
- Changes in student enrollment
- Change in staffing

**Request for Information**

This financial report is designed to provide a general overview of the finances for all those with an interest in the SAU'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**  
**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
*Statement of Net Position*  
**June 30, 2018**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 13,854
Intergovernmental receivable	122,788
Prepaid items	2,504
Capital assets, net of accumulated depreciation	63,775
Total assets	202,921
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	566,506
Amounts related to other postemployment benefits	12,253
Total deferred outflows of resources	578,759
<b>LIABILITIES</b>	
Accounts payable	69,080
Accrued salaries and benefits	8,826
Intergovernmental payable	26,869
Noncurrent obligations:	
Due within one year	15,119
Due in more than one year	2,245,905
Total liabilities	2,365,799
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Amounts related to pensions	101,405
Amounts related to other postemployment benefits	3,369
Total deferred inflows of resources	104,774
<b>NET POSITION</b>	
Net investment in capital assets	19,415
Unrestricted	(1,708,308)
Total net position	\$ (1,688,893)

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

**EXHIBIT B**  
**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
*Statement of Activities*  
**For the Fiscal Year Ended June 30, 2018**

	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense) Revenue and Change in Net Position
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Instruction	\$ 913,587	\$ 1,317,129	\$ 111,594	\$ 515,136
Support services:				
Student	722,611	-	166,418	(556,193)
Instructional staff	157,176	-	-	(157,176)
General administration	17,696	-	-	(17,696)
Executive administration	808,843	-	-	(808,843)
Business	543	-	-	(543)
Operation and maintenance of plant	128,656	-	-	(128,656)
Other	33,968	-	-	(33,968)
Total governmental activities	<u>\$ 2,783,080</u>	<u>\$ 1,317,129</u>	<u>\$ 278,012</u>	<u>(1,187,939)</u>
General revenues:				
School districts' assessments				1,119,077
Interest				42
Miscellaneous				10,820
Total general revenues				<u>1,129,939</u>
Change in net position				(58,000)
Net position, beginning, as restated (see Note 14)				<u>(1,630,893)</u>
Net position, ending				<u>\$ (1,688,893)</u>

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

**EXHIBIT C-1**  
**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2018**

	General	Grants	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 13,854	\$ -	\$ 13,854
Intergovernmental receivables	57,771	65,017	122,788
Interfund receivables	64,239	-	64,239
Prepaid items	2,504	-	2,504
Total assets	<u>\$ 138,368</u>	<u>\$ 65,017</u>	<u>\$ 203,385</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 68,302	\$ 778	\$ 69,080
Accrued salaries and benefits	8,826	-	8,826
Intergovernmental payable	26,869	-	26,869
Interfund payable	-	64,239	64,239
Total liabilities	<u>103,997</u>	<u>65,017</u>	<u>169,014</u>
<b>FUND BALANCES</b>			
Nonspendable	2,504	-	2,504
Unassigned	31,867	-	31,867
Total fund balances	<u>34,371</u>	<u>-</u>	<u>34,371</u>
Total liabilities and fund balances	<u>\$ 138,368</u>	<u>\$ 65,017</u>	<u>\$ 203,385</u>

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

**EXHIBIT C-2**  
**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**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)		\$ 34,371
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	\$ 182,151	
Less accumulated depreciation	<u>(118,376)</u>	63,775
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	\$ 566,506	
Deferred inflows of resources related to pensions	(101,405)	
Deferred outflows of resources related to OPEB	12,253	
Deferred inflows of resources related to OPEB	<u>(3,369)</u>	473,985
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (64,239)	
Payables	<u>64,239</u>	-
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Capital leases	\$ 44,360	
Other postemployment benefits	149,714	
Net pension liability	<u>2,066,950</u>	(2,261,024)
Net position of governmental activities (Exhibit A)		<u><u>\$ (1,688,893)</u></u>

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

**EXHIBIT C-3**  
**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2018**

	General	Grants	Total Governmental Funds
<b>REVENUES</b>			
School districts' assessments	\$ 1,119,077	\$ -	\$ 1,119,077
Other local	1,327,991	-	1,327,991
Federal	-	278,012	278,012
Total revenues	<u>2,447,068</u>	<u>278,012</u>	<u>2,725,080</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	775,524	111,594	887,118
Support services:			
Student	541,139	166,418	707,557
Instructional staff	153,180	-	153,180
General administration	17,677	-	17,677
Executive administration	787,040	-	787,040
Business	543	-	543
Operation and maintenance of plant	126,211	-	126,211
Other	39,288	-	39,288
Total expenditures	<u>2,440,602</u>	<u>278,012</u>	<u>2,718,614</u>
Net change in fund balances	6,466	-	6,466
Fund balances, beginning	27,905	-	27,905
Fund balances, ending	<u>\$ 34,371</u>	<u>\$ -</u>	<u>\$ 34,371</u>

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

**EXHIBIT C-4**  
**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**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)		\$ 6,466
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:</p>		
Capitalized capital outlay	\$ 6,514	
Depreciation expense	<u>(13,462)</u>	(6,948)
<p>Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
Principal repayment of capital leases		14,579
<p>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.</p>		
Decrease in other postemployment benefits	\$ 18,439	
Increase in deferred outflows and inflows of resources related to other postemployment benefits	(10,699)	
Increase in net pension liability and deferred outflows and inflows of resources related to pensions	<u>(79,837)</u>	<u>(72,097)</u>
Change in net position of governmental activities (Exhibit B)		<u><u>\$ (58,000)</u></u>

**EXHIBIT D-1**  
**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**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**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
School districts' assessments	\$ 1,119,077	\$ 1,119,077	\$ -
Other local	1,407,469	1,327,991	(79,478)
Total revenues	<u>2,526,546</u>	<u>2,447,068</u>	<u>(79,478)</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	783,116	775,524	7,592
Support services:			
Student	591,529	541,139	50,390
Instructional staff	156,957	153,180	3,777
General administration	20,166	17,677	2,489
Executive administration	797,212	787,040	10,172
Business	1,000	543	457
Operation and maintenance of plant	128,903	126,211	2,692
Other	47,663	39,288	8,375
Total expenditures	<u>2,526,546</u>	<u>2,440,602</u>	<u>85,944</u>
Net change in fund balance	<u>\$ -</u>	6,466	<u>\$ 6,466</u>
Decrease in nonspendable fund balance		27,098	
Unassigned fund balance (deficit), beginning		<u>(1,697)</u>	
Unassigned fund balance, ending		<u>\$ 31,867</u>	

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

**EXHIBIT D-2**  
**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (GAAP Basis)**  
**Grants Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Federal	\$ 250,000	\$ 308,636	\$ 278,012	\$ (30,624)
<b>EXPENDITURES</b>				
Current:				
Instruction	125,000	140,746	111,594	29,152
Support services:				
Student	125,000	167,890	166,418	1,472
Total expenditures	<u>250,000</u>	<u>308,636</u>	<u>278,012</u>	<u>30,624</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning			-	
Fund balance, ending			<u>\$ -</u>	

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

**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2018**

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**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**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 School Administrative Unit No. 23, in Haverhill, New Hampshire (the School Administrative Unit), 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 Administrative Unit 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 2-B for further information on this pronouncement.

***1-A Reporting Entity***

The School Administrative Unit No. 23 is a separate entity established by State statute to provide administrative services for Bath, Benton, Haverhill Cooperative, Piermont, and Warren School Districts. The School Administrative Unit is governed by the respective School Boards of the Bath, Benton, Haverhill Cooperative, Piermont, and Warren School Districts. In evaluating how to define the School Administrative Unit 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 Administrative Unit 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 Administrative Unit at year-end. This Statement includes all of the School Administrative Unit's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position, with the exception of the local portion of the other postemployment benefits liability, deferred outflows and inflows of resources which have not been determined.

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

***Fund Financial Statements*** – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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. The School Administrative Unit had no debt service or facilities acquisition and construction expenditures.

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

***Measurement Focus and Basis of Accounting*** – The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when 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.

**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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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 Administrative Unit 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.

**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 Administrative Unit reports the following major governmental funds:

**General Fund** – is the School Administrative Unit’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.

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

**1-D Cash and Cash Equivalents**

The School Administrative Unit considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts.

New Hampshire statutes require that the School Administrative Unit treasurer have custody of all money belonging to the School Administrative Unit and pay out the same only upon orders of the School Administrative Unit 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 Administrative Unit at June 30, recorded as revenue, which will be collected in the future and consist of 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.

**1-G Capital Assets**

Capital assets are defined by the School Administrative Unit as assets with an initial individual cost of \$5,000 or more and an estimated life in excess of one year. Capital assets include intangible assets, vehicles, machinery, 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 Administrative Unit 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.

**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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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 Administrative Unit are depreciated using the straight-line method over the following estimated useful lives:

<b>Capital Asset Class:</b>	<u>Years</u>
Intangible assets	5-10
Vehicles	8-10
Machinery and equipment	3-10

***1-H 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.

***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 Deferred Outflows/Inflows of Resources***

*Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then.

*Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

***1-K Long-term Obligations***

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

***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.

**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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***1-M Postemployment Benefits Other Than Pensions (OPEB)***

***New Hampshire Retirement System Plan*** – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan’s fiduciary net position has been determined on the same basis as they are reported by the New Hampshire Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

***Single Employer Plan*** – The School Administrative Unit maintains a single employer plan, but has not obtained an actuarial report calculating the other postemployment benefit liability, deferred outflows of resources, and deferred inflows of resources in accordance with Government Accounting Standards Board pronouncement No. 75.

***1-N Net Position/Fund Balances***

Government-wide statements – Equity is classified as net position and displayed in two components:

**Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of other debt attributable to the acquisition, construction, or improvement of those assets.

**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 are 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.

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

When multiple net position/fund balance classifications are available for use, it is the 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 Administrative Unit’s operations. At its annual meeting, the School Administrative Unit adopts a budget for the current year for the general and grants 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.

**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2018, none of the beginning general fund unassigned fund balance was applied for this purpose.

**2-B 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 OPEB
Change in total OPEB liability under current standards, July 1	\$ (168,153)
Initial balance of deferred outflows of resources	19,583
Initial balance of deferred inflows of resources	-
Cumulative restatement related to GASB No. 75 implementation (see Note 14)	\$ (148,570)

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The School Administrative Unit's deposits are entirely covered by federal depository insurance (FDIC). The FDIC currently insures the first \$250,000 of the School Administrative Unit's deposits at each financial institution, per case custodian. As of year-end, the carrying amount of the School Administrative Unit's deposits was \$13,854 and the bank balances totaled \$102,533. Petty cash totaled \$325.

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2018, consisted of intergovernmental amounts arising from amounts owed from the School Administrative Unit's member school districts and grants. Receivables are recorded on the School Administrative Unit'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:

	Balance, beginning	Additions	Balance, ending
At cost:			
Being depreciated:			
Intangible assets	\$ 42,548	\$ -	\$ 42,548
Vehicles	98,146	-	98,146
Machinery and equipment	34,943	6,514	41,457
Total capital assets	175,637	6,514	182,151

*(Continued)*

**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2018**

Capital assets continued:

	Balance, beginning	Additions	Balance, ending
Less accumulated depreciation:			
Intangible assets	(42,548)	-	(42,548)
Vehicles	(27,421)	(12,268)	(39,689)
Machinery and equipment	(34,945)	(1,194)	(36,139)
Total accumulated depreciation	(104,914)	(13,462)	(118,376)
Net book value, all capital assets	\$ 70,723	\$ (6,948)	\$ 63,775

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

Instruction	\$ 12,268
Support services:	
Other	1,194
Total depreciation expense	\$ 13,462

**NOTE 6 – INTERFUND BALANCES**

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

Receivable Fund	Payable Fund	Amount
General	Grants	\$ 64,239

**NOTE 7 – INTERGOVERNMENTAL PAYABLES**

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

Member School Districts	\$13,857
Blue Mountain Union School	265
United States Postal Service	25
Woodsville Water & Light Department	453
Treasurer State of New Hampshire	12,269
Total intergovernmental payables due	\$26,869

**NOTE 8 – CAPITAL LEASE OBLIGATIONS**

The School Administrative Unit has entered into certain capital lease agreements under which the related equipment will become the property of the School Administrative Unit when all the terms of the lease agreements are met.

	Standard Interest Rate	Present Value of Remaining Payments as of June 30, 2018
Capital lease obligations:		
French Pond Bus	3.8%	\$ 32,788
King Street Bus	3.5%	11,572
Total capital lease obligations		\$ 44,360

**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Leased equipment under capital leases, included in capital assets, is as follows:

	Governmental Activities
Equipment:	
French Pond Bus	\$ 54,698
King Street Bus	43,448
Total equipment	98,146
Less: accumulated depreciation	(39,690)
Total capital lease equipment	\$ 58,456

The annual requirements to amortize the capital leases payable as of June 30, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2019	\$ 16,770
2020	16,770
2021	14,070
Total requirements	47,610
Less: interest	(3,250)
Present value of remaining payments	\$ 44,360

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

**NOTE 9 – LONG-TERM LIABILITIES**

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

	Balance July 1, 2017 (as restated)	Reductions	Balance June 30, 2018	Due Within One Year
Capital leases	\$ 58,939	\$ (14,579)	\$ 44,360	\$ 15,119
Net other postemployment benefits	168,153	(18,439)	149,714	-
Pension related liability	2,218,656	(151,706)	2,066,950	-
Total long-term liabilities	\$ 2,445,748	\$ (184,724)	\$ 2,261,024	\$ 15,119

**NOTE 10 – DEFINED BENEFIT PENSION PLAN**

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

**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
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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  $\frac{1}{4}$  of 1% or age 60.

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 Administrative Unit. 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 Administrative Unit contributed 15.70% for teachers and 11.08% for other employees. The contribution requirement for the fiscal year 2018 was \$179,622, 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 Administrative Unit reported a liability of \$2,066,950 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 Administrative Unit’s proportion of the net pension liability was based on a projection of the School Administrative Unit’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 Administrative Unit’s proportion was 0.04202833% which was an increase of 0.00030542% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School Administrative Unit recognized pension expense of \$257,532. At June 30, 2018, the School Administrative Unit 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	\$ 174,648	\$ 48,775
Net difference between projected and actual investment earnings on pension plan investments	-	26,324
Changes in assumptions	207,549	-
Differences between expected and actual experience	4,687	26,306
Contributions subsequent to the measurement date	179,622	-
Total	\$ 566,506	\$ 101,405

The \$179,622 reported as deferred outflows of resources related to pensions results from the School Administrative Unit contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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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	\$ 76,325
2019	124,624
2020	111,943
2021	(27,413)
Thereafter	-
Totals	<u>\$ 285,479</u>

**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

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 <u>2017</u>
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equities	<u>30.00%</u>	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.25%
Total international equity	<u>20.00%</u>	
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	<u>25.00%</u>	
Private equity	5.00%	6.25%
Private debt	5.00%	4.75%
Opportunistic	5.00%	2.84%
Total alternative investments	<u>15.00%</u>	
Real estate	10.00%	3.25%
Total	<u>100.00%</u>	

**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

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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 Administrative Unit’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following table presents the School Administrative Unit’s proportionate share of the net pension liability calculated using the discount rate of 7.25% as well as what the School Administrative Unit’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>\$ 2,723,103</u>	<u>\$ 2,066,950</u>	<u>\$ 1,529,259</u>

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**11-A New Hampshire Retirement System (NHRS)**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2017 Comprehensive Annual Financial Report, which can be found on the system’s website at [www.nhrs.org](http://www.nhrs.org).

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

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

Maximum medical subsidy rates paid during fiscal 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

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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 Administrative Unit contributed 1.66% for teachers and 0.30% for other employees. The contribution requirement for the fiscal year 2018 was \$12,253, 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 Administrative Unit reported a liability of \$149,714 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 Administrative Unit’s proportion of the net OPEB liability was based on a projection of the School Administrative Unit’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 Administrative Unit’s proportion was 0.03274333% which was a decrease of 0.0019914% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School Administrative Unit recognized OPEB expense of \$4,338. At June 30, 2018, the School Administrative Unit 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	\$ -	\$ 2,897
Net difference between projected and actual investment earnings on OPEB plan investments	-	472
Changes in assumptions	-	-
Differences between expected and actual experience	-	-
Contributions subsequent to the measurement date	12,253	-
Total	\$ 12,253	\$ 3,369

The \$12,253 reported as deferred outflows of resources related to OPEB results from the School Administrative Unit 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	\$ (3,015)
2019	(118)
2020	(118)
2021	(118)
Thereafter	-
Totals	\$ (3,369)

**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

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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. 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 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 Administrative Unit's Proportionate Share of the OPEB Liability to Changes in the Discount Rate** – The following table presents the School Administrative Unit's proportionate share of the OPEB liability calculated using the discount rate of 7.25% as well as what the School Administrative Unit'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	\$ 162,933	\$ 149,714	\$ 138,260

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**Sensitivity of the School Administrative Unit's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rate** – GASB No. 75 requires the sensitivity of the Net OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are a fixed stipend, there is no sensitivity to the change in the healthcare cost trend assumption.

**OPEB Plan Fiduciary Net Position** – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit OPEB Plan financial report.

**11-B Retiree Health Benefit Program**

The School Administrative Unit 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 Administrative Unit's contractual agreements. Expenses for the cost of providing health insurance for currently enrolled retirees are recognized in the general fund of the funds financial statements as payments are made.

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The School Administrative Unit 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 Administrative Unit. The amounts that should be recorded as the local portion of the net OPEB liability and the OPEB expense is unknown.

**NOTE 12 – 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	\$ 63,775
Less:	
Capital leases payable	<u>(44,360)</u>
Total net investment in capital assets	19,415
Unrestricted	<u>(1,708,308)</u>
Total net position	<u><u>\$ (1,688,893)</u></u>

None of the net position is restricted by enabling legislation.

**NOTE 13 – GOVERNMENTAL FUND BALANCES**

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

	<u>General</u>
	Fund
<b>Nonspendable:</b>	
Prepaid items	\$ 2,504
<b>Unassigned</b>	<u>31,867</u>
Total governmental fund balances	<u><u>\$ 34,371</u></u>

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**NOTE 14 – 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-B	\$ (148,570)
Net position, as previously reported	(1,482,323)
Net position, as restated	\$ (1,630,893)

**NOTE 15 – RISK MANAGEMENT**

The School Administrative Unit 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 Administrative Unit was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers’ Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers’ Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2017 to June 30, 2018 by Primex<sup>3</sup>, 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 Primex<sup>3</sup> to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member’s annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. At this time, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

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

**NOTE 16 – CONTINGENT LIABILITIES**

The School Administrative Unit 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 Administrative Unit believes such disallowances, if any, will be immaterial.

**NOTE 17 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through 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 E**  
**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
*Schedule of the School Administrative Unit'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 Administrative Unit's proportion of the net pension liability	0.04%	0.04%	0.04%	0.04%	0.04%
School Administrative Unit's proportionate share of the net pension liability	\$ 1,611,318	\$ 1,432,257	\$ 1,408,773	\$ 2,218,656	\$ 2,066,950
School Administrative Unit's covered payroll	\$ 1,070,902	\$ 1,076,755	\$ 1,149,422	\$ 1,306,215	\$ 1,335,321
School Administrative Unit's proportionate share of the net pension liability as a percentage of its covered payroll	150.46%	133.02%	122.56%	169.85%	154.79%
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 F**  
**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
*Schedule of School Administrative Unit 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	\$ 93,095	\$ 123,790	\$ 119,304	\$ 149,401	\$ 153,968
Contributions in relation to the contractually required contributions	93,095	123,790	119,304	149,401	153,968
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School Administrative Unit's covered payroll	\$ 1,070,902	\$ 1,076,755	\$ 1,149,422	\$ 1,306,215	\$ 1,335,321
Contributions as a percentage of covered payroll	8.69%	11.50%	10.38%	11.44%	11.53%

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



**EXHIBIT G**  
**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
*Schedule of the School Administrative Unit'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 Administrative Unit's proportion of the net OPEB liability	0.03%	0.03%
School Administrative Unit's proportionate share of the net OPEB liability (asset)	\$ 168,153	\$ 149,714
School Administrative Unit's covered payroll	\$ 1,306,215	\$ 1,335,321
School Administrative Unit's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	12.87%	11.21%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%

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

**EXHIBIT H**  
**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
*Schedule of School Administrative Unit 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	\$ 20,183	\$ 19,407
Contributions in relation to the contractually required contribution	<u>20,183</u>	<u>19,407</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School Administrative Unit's covered payroll	<u>\$1,306,215</u>	<u>\$ 1,335,321</u>
Contributions as a percentage of covered payroll	1.55%	1.45%

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

**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFITS LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
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***Schedule of the School Administrative Unit’s Proportionate Share of Net Other Postemployment Benefits  
Liability and Schedule of School Administrative Unit Contributions – Other Postemployment Benefits***

As required by GASB Statement No. 75, Exhibits G and H represent the actuarial determined costs associated with the School Administrative Unit’s State portion of the 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.

***INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**Major General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Estimated</u>	<u>Actual</u>	Variance Positive (Negative)
School districts' assessments:			
Current appropriation	\$ 1,119,077	\$ 1,119,077	\$ -
Other local sources:			
Tuition	932,736	895,554	(37,182)
Investment earnings	100	42	(58)
Miscellaneous	474,633	432,395	(42,238)
Total from other local sources	<u>1,407,469</u>	<u>1,327,991</u>	<u>(79,478)</u>
Total revenues	<u>\$ 2,526,546</u>	<u>\$ 2,447,068</u>	<u>\$ (79,478)</u>

**SCHEDULE 2**  
**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**Major General Fund**  
*Schedule of Appropriations and Expenditures (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended June 30, 2018**

	<u>Appropriations</u>	<u>Expenditures</u>	Variance Positive (Negative)
Current:			
Instruction:			
Regular programs	\$ 218,369	\$ 217,626	\$ 743
Special programs	551,504	545,755	5,749
Other	13,243	12,143	1,100
Total instruction	<u>783,116</u>	<u>775,524</u>	<u>7,592</u>
Support services:			
Student	591,529	541,139	50,390
Instructional staff	156,957	153,180	3,777
General administration	20,166	17,677	2,489
Executive administration	797,212	787,040	10,172
Business	1,000	543	457
Operation and maintenance of plant	128,903	126,211	2,692
Other	47,663	39,288	8,375
Total support services	<u>1,743,430</u>	<u>1,665,078</u>	<u>78,352</u>
Total appropriations and expenditures	<u><u>\$2,526,546</u></u>	<u><u>\$ 2,440,602</u></u>	<u><u>\$ 85,944</u></u>

**SCHEDULE 3**  
**SCHOOL ADMINISTRATIVE UNIT NO. 23**  
**Major General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2018**

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Unassigned fund balance (deficit), beginning		\$ (1,697)
2017-2018 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (79,478)	
Unexpended balance of appropriations (Schedule 2)	<u>85,944</u>	
2017-2018 Budget surplus		6,466
Decrease in nonspendable fund balance		<u>27,098</u>
Unassigned fund balance, ending		<u><u>\$ 31,867</u></u>