

**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

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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. 19  
Goffstown, New Hampshire

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

##### ***Adverse and Unmodified Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School Administrative Unit No. 19, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise School Administrative Unit No. 19's basic financial statements as listed in the table of contents.

##### ***Summary of Opinions***

| <i>Opinion Unit</i>        | <i>Type of Opinion</i> |
|----------------------------|------------------------|
| Governmental Activities    | Adverse                |
| General Fund               | Unmodified             |
| Grants Fund                | Unmodified             |
| Remaining Fund Information | Unmodified             |

##### ***Adverse Opinion on Governmental Activities***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of the report, the accompanying financial statements do not present fairly the financial position of School Administrative Unit No. 19, as of June 30, 2023, or the changes in financial position in accordance with accounting principles generally accepted in the United States of America.

##### ***Unmodified Opinions on Each Major Fund and Remaining Fund Information***

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information for School Administrative Unit No. 19, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### ***Basis for Adverse and Unmodified Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of School Administrative Unit No. 19 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

##### ***Matter Giving Rise to Adverse Opinion on Governmental Activities***

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

***School Administrative Unit No. 19  
Independent Auditor's Report***

***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note 2-C to the financial statements, in the year ending June 30, 2023, the School Administrative Unit adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

School Administrative Unit No. 19's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about School Administrative Unit No. 19's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of School Administrative Unit No. 19's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about School Administrative Unit No. 19's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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

- Management's Discussion and Analysis,
- Schedule of the School Administrative Unit's Proportionate Share of Net Pension Liability,
- Schedule of School Administrative Unit Contributions - Pensions
- Schedule of the Administrative Unit's Proportionate Share of Net Other Postemployment Benefits Liability,
- Schedule of School Administrative Unit Contributions – Other Postemployment Benefits,
- Notes to the Required Supplementary Information

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

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Independent Auditor's Report***

consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise School Administrative Unit No. 19'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 financial 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.

January 15, 2024  
Concord, New Hampshire

*Plodzik & Sanderson  
Professional Association*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the School Administrative Unit No. 19 (SAU 19), we offer readers of SAU 19's Financial Statements this narrative overview and analysis of the financial activities of SAU 19 for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with SAU 19's financial statements.

### 1. Financial Highlights

- The assets and deferred outflow of resources of SAU 19 fell short of its liabilities and deferred inflows of resources at the close of the most recent year by \$(1,190,055) (*net position*). Had it been positive, it may have been used to meet the government's ongoing obligations to citizens and creditors. The negative unrestricted net position is attributable to the reporting of SAU 19's proportional share of the actuarially determined retirement system's unfunded pension liability less the system's net position ("net pension liability"). Reporting SAU 19's proportional share of the net pension liability does not impact SAU 19's ability to meet its current obligations.
- SAU 19's total net position changed by \$21,377.
- As of the close of the current fiscal year, SAU 19's governmental funds reported a combined ending fund balance of \$427,981, a change of \$18,665 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund of \$269,514 is *available for spending* at SAU 19 Town Meeting's discretion or for tax relief.
- Per GASB Statement Nos 68 and 71, SAU 19 is required to record its related share of net pension liability of the New Hampshire Retirement System. The net pension liability is SAU 19's proportionate share of the retirement system's actuarially determined unfunded pension liability less the system's net position. This amount is reported only on the government-wide financial statements and has no impact on the fund financial statements of SAU 19. At the end of the most recent year, our net pension liability is \$1,920,722 (an increase of \$476,640 from the prior year).

### 2. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to SAU 19's basic financial statements. SAU 19's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of SAU 19's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of SAU 19's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the items reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator whether the financial position of SAU 19 is improving or deteriorating.

The *statement of activities* presents information showing how SAU 19's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the time of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The governmental activities of SAU 19 include administration, support services, and operations and maintenance.

**Fund Financial Statements.** A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. SAU 19, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. SAU 19's financial statements contain governmental and fiduciary funds.

**Governmental Funds.** *Governmental Funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented to *government funds* with similar information presented for *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of SAU 19's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

SAU 19 maintains two individual governmental funds. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and a grants fund, which are considered to be major funds.

SAU 19 adopts an annual appropriated budget for its general fund and grants fund. A budgetary comparison statement has been provided for the general fund and the grants fund to demonstrate compliance with this budget.

**Fiduciary Funds.** *Fiduciary Funds* are used to account for resources received by SAU 19 for the benefit of the Goffstown and New Boston School Districts. The Fiduciary fund financial statements presented in Exhibit E outline these transactions.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* that is required to be disclosed by accounting principles generally accepted in the United States of America which includes this management discussion and analysis, the Schedule of SAU 19's proportionate share of SAU 19 Contributions. Other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. This includes the individual fund schedules.

### 3. **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of SAU 19, assets and deferred outflows of resources fell short of the liabilities and deferred inflows of resources by \$(1,190,055) at the close of the most recent fiscal year.

The following is a summary of condensed statement of net position and statement of activities for government-wide financial data for the current and prior fiscal years.

Summary of Net Position  
Governmental Activities

|                                   | 2023           | 2022           | %<br>Change<br>2022-2023 |
|-----------------------------------|----------------|----------------|--------------------------|
| Current and Other Assets          | \$ 517,355     | \$ 496,154     | 4.27%                    |
| Deferred Outflows of Resources    | 506,417        | 448,417        | 12.93%                   |
| Long-Term Liabilities Outstanding | 2,106,748      | 1,614,424      | 30.50%                   |
| Other Liabilities                 | 89,374         | 86,838         | 2.92%                    |
| Total Liabilities                 | 2,196,122      | 1,701,262      | 29.09%                   |
| Deferred Inflows of Resources     | 17,705         | 454,741        | -96.11%                  |
| Unrestricted Net Position         | \$ (1,190,055) | \$ (1,211,432) | 1.76%                    |

Summary of Changes in Net Position  
Governmental Activities

|                                    | 2023<br>Amount               | 2022<br>Amount               | \$<br>Difference        | %<br>Difference     |
|------------------------------------|------------------------------|------------------------------|-------------------------|---------------------|
| <b>Revenues:</b>                   |                              |                              |                         |                     |
| <b>Program Revenue:</b>            |                              |                              |                         |                     |
| Operating Grants and Contributions | \$ 68,116                    | \$ 150,797                   | \$ (82,681)             | -54.83%             |
| <b>General Revenue:</b>            |                              |                              |                         |                     |
| School Districts' Assessments      | 2,478,501                    | 2,323,899                    | 154,602                 | 6.65%               |
| Miscellaneous & Interest           | 72,841                       | 26,950                       | 45,891                  | 170.28%             |
| Total Revenues                     | <u>2,619,458</u>             | <u>2,501,646</u>             | <u>117,812</u>          | <u>4.71%</u>        |
| <b>Expenses:</b>                   |                              |                              |                         |                     |
| Instruction                        | 43,279                       | 102,429                      | (59,150)                | -57.75%             |
| Support Services:                  |                              |                              |                         |                     |
| Student                            | 6,464                        | 37,665                       | (31,201)                | -82.84%             |
| General Administration             | 8,360                        | 9,177                        | (817)                   | -8.90%              |
| Executive Administration           | 1,456,456                    | 1,304,975                    | 151,481                 | 11.61%              |
| Business                           | 620,611                      | 537,116                      | 83,495                  | 15.55%              |
| Operation and Maintenance of Plant | 198,192                      | 191,244                      | 6,948                   | 3.63%               |
| Other                              | 264,719                      | 242,321                      | 22,398                  | 9.24%               |
| Total Expenses                     | <u>2,598,081</u>             | <u>2,424,927</u>             | <u>173,154</u>          | <u>7.14%</u>        |
| Change in Net Position             | 21,377                       | 76,719                       | (55,342)                | -72.14%             |
| Net Position, beginning            | <u>(1,211,432)</u>           | <u>(1,288,151)</u>           | <u>76,719</u>           | <u>5.96%</u>        |
| Net Position, ending               | <u><u>\$ (1,190,055)</u></u> | <u><u>\$ (1,211,432)</u></u> | <u><u>\$ 21,377</u></u> | <u><u>1.76%</u></u> |

**Governmental Activities.** As noted above, governmental activities net position changed by \$21,377. Key elements of this change are as follows:

Governmental Activities:

|                                                            |                         |
|------------------------------------------------------------|-------------------------|
| Total net change in governmental funds fund balance:       |                         |
| General Fund                                               | <u>\$ 18,665</u>        |
| Change in compensated absences                             | (6,354)                 |
| Change in net pension liability, net of deferred resources | 16,800                  |
| Change in net OPEB liability, net of deferred resources    | <u>(7,734)</u>          |
| Total net change                                           | <u><u>\$ 21,377</u></u> |

4. **Financial Analysis of the Government's Funds**

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds.* The focus of SAU 19's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing SAU 19's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end for the fiscal year.

As of the end of the current fiscal year, SAU 19's governmental funds reported *combined ending fund balance* of \$427,981 which is a change of \$18,665 in comparison with the prior year.

The general fund is the chief operating fund of SAU 19. At the end of the current fiscal year, *unassigned fund balance* of the general fund was \$269,514.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10.6 percent of total general fund expenditures, while total fund balance represents 16.9 percent of that same amount.

5. **General Fund Budgetary Highlights**

The general fund is what most people think of as "the budget" since it is the fiscal point of the First Session of Annual Meeting (Deliberative) and largely supported by locally raised taxes. The general fund ended the fiscal year with an unassigned fund balance of \$269,514 which is available to be returned to the Goffstown and New Boston School Districts in order to lower the district assessment in 2024-2025.

**COMMENTS ON GENERAL FUND BUDGET COMPARISONS**

- General fund expenditures (not including encumbrances) were \$2,530,862 which was \$17,639 less than the total appropriation of \$2,548,501.
- Revenues were \$22,841 more than projected. The primary reasons for this revenue increase were investment earnings and state revenues exceeding projections.
- General administration expenses (not including encumbrances) of \$5,645 were lower than budgeted by \$5,845.
- Executive administration (not including encumbrances) was \$3,011 below budget due to modest savings in salary and benefit costs.
- The Business Office expenses (not including encumbrances) were \$598,871, resulting in an underspend of that function's budget by \$10,571. This was caused by employee changes in the business office with lower than budgeted salary and benefit costs.
- Operation and Maintenance of Plant expenses (not including encumbrances) totaled \$199,639 and was under budget by \$8,621.

## 6. Debt Administration

### Long-Term Liabilities

The table below illustrates the long-term liabilities of SAU 19 as of June 30, 2023. The compensated balances were calculated on vacation days and retirement stipend days for all eligible employees for compensation at retirement. (See Note 8).

| Governmental Activities<br>Long Term Debt<br>Two Year Comparison |                         |                     |                   |               |
|------------------------------------------------------------------|-------------------------|---------------------|-------------------|---------------|
|                                                                  | Governmental Activities |                     | Increase          | % Increase    |
|                                                                  | 2023                    | 2022                |                   |               |
| Compensated Absences                                             | \$ 114,288              | \$ 107,934          | \$ 6,354          | 5.89%         |
| Other Postemployment Benefits                                    | 71,738                  | 62,408              | 9,330             | 14.95%        |
| Net Pension Liability                                            | <u>1,920,722</u>        | <u>1,444,082</u>    | <u>476,640</u>    | <u>33.01%</u> |
| Total Long Term Debt                                             | <u>\$ 2,106,748</u>     | <u>\$ 1,614,424</u> | <u>\$ 492,324</u> | <u>30.50%</u> |

## 7. Future Budgetary Implications

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

The impacts of inflationary pressure on wages, benefits, goods, and services will remain a challenge into the FY 24-25 fiscal year.

## 8. Request for Information

This financial report is designed to provide a general overview of SAU 19's financing for all those with an interest in SAU 19's finances. Questions, concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, C/O SAU#19, 11 School Street, Goffstown, New Hampshire 03045.

## ***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
*Statement of Net Position*  
*June 30, 2023*

|                                                  | Governmental<br>Activities   |
|--------------------------------------------------|------------------------------|
| <b>ASSETS</b>                                    |                              |
| Cash and cash equivalents                        | \$ 508,917                   |
| Accounts receivables                             | 30                           |
| Intergovernmental receivable                     | 4,756                        |
| Inventory                                        | 1,206                        |
| Prepaid items                                    | 2,446                        |
| Total assets                                     | <u>517,355</u>               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>            |                              |
| Amounts related to pensions                      | 497,559                      |
| Amounts related to other postemployment benefits | 8,858                        |
| Total deferred outflows of resources             | <u>506,417</u>               |
| <b>LIABILITIES</b>                               |                              |
| Accounts payable                                 | 10,811                       |
| Accrued salaries and benefits payable            | 49,749                       |
| Intergovernmental payable                        | 28,814                       |
| Noncurrent obligations:                          |                              |
| Due in more than one year                        | <u>2,106,748</u>             |
| Total liabilities                                | <u>2,196,122</u>             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |                              |
| Amounts related to pensions                      | <u>17,705</u>                |
| <b>NET POSITION</b>                              |                              |
| Unrestricted                                     | <u><u>\$ (1,190,055)</u></u> |

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

**EXHIBIT B**  
**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
*Statement of Activities*  
**For the Fiscal Year Ended June 30, 2023**

|                                          | Expenses            | Program<br>Revenue<br>Operating<br>Grants and<br>Contributions | Net (Expense)<br>Revenue and<br>Change in<br>Net Position |
|------------------------------------------|---------------------|----------------------------------------------------------------|-----------------------------------------------------------|
| Governmental activities:                 |                     |                                                                |                                                           |
| Instruction                              | \$ 43,279           | \$ 43,279                                                      | \$ -                                                      |
| Support services:                        |                     |                                                                |                                                           |
| Student                                  | 6,464               | 6,464                                                          | -                                                         |
| General administration                   | 8,360               | -                                                              | (8,360)                                                   |
| Executive administration                 | 1,456,456           | -                                                              | (1,456,456)                                               |
| Business                                 | 620,611             | 18,373                                                         | (602,238)                                                 |
| Operation and maintenance of plant       | 198,192             | -                                                              | (198,192)                                                 |
| Other                                    | 264,719             | -                                                              | (264,719)                                                 |
| Total governmental activities            | <u>\$ 2,598,081</u> | <u>\$ 68,116</u>                                               | <u>(2,529,965)</u>                                        |
| General revenues and contributions:      |                     |                                                                |                                                           |
| School districts' assessments            |                     |                                                                | 2,478,501                                                 |
| Miscellaneous                            |                     |                                                                | 72,841                                                    |
| Total general revenues and contributions |                     |                                                                | <u>2,551,342</u>                                          |
| Change in net position                   |                     |                                                                | 21,377                                                    |
| Net position, beginning                  |                     |                                                                | (1,211,432)                                               |
| Net position, ending                     |                     |                                                                | <u>\$ (1,190,055)</u>                                     |

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

**EXHIBIT C-1**  
**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2023**

|                                       | General           | Grants          | Total<br>Governmental<br>Funds |
|---------------------------------------|-------------------|-----------------|--------------------------------|
| <b>ASSETS</b>                         |                   |                 |                                |
| Cash and cash equivalents             | \$ 508,917        | \$ -            | \$ 508,917                     |
| Accounts receivable                   | 30                | -               | 30                             |
| Intergovernmental receivable          | -                 | 4,756           | 4,756                          |
| Interfund receivables                 | 3,773             | -               | 3,773                          |
| Inventory                             | 1,206             | -               | 1,206                          |
| Prepaid items                         | 2,446             | -               | 2,446                          |
| Total assets                          | <u>\$ 516,372</u> | <u>\$ 4,756</u> | <u>\$ 521,128</u>              |
| <b>LIABILITIES</b>                    |                   |                 |                                |
| Accounts payable                      | \$ 9,828          | \$ 983          | \$ 10,811                      |
| Accrued salaries and benefits payable | 49,749            | -               | 49,749                         |
| Intergovernmental payable             | 28,814            | -               | 28,814                         |
| Interfund payable                     | -                 | 3,773           | 3,773                          |
| Total liabilities                     | <u>88,391</u>     | <u>4,756</u>    | <u>93,147</u>                  |
| <b>FUND BALANCES</b>                  |                   |                 |                                |
| Nonspendable                          | 3,652             | -               | 3,652                          |
| Committed                             | 66,430            | -               | 66,430                         |
| Assigned                              | 88,385            | -               | 88,385                         |
| Unassigned                            | 269,514           | -               | 269,514                        |
| Total fund balances                   | <u>427,981</u>    | <u>-</u>        | <u>427,981</u>                 |
| Total liabilities and fund balances   | <u>\$ 516,372</u> | <u>\$ 4,756</u> | <u>\$ 521,128</u>              |

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

**EXHIBIT C-2**  
**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position**  
**June 30, 2023**

|                                                                                                                                                                                                                                              |               |                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------------|
| Total fund balances of governmental funds (Exhibit C-1)                                                                                                                                                                                      |               | \$ 427,981                  |
| Amounts reported for governmental activities in the Statement of Net Position are different because:                                                                                                                                         |               |                             |
| 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                                                                                                                                                                                           | \$ 497,559    |                             |
| Deferred inflows of resources related to pensions                                                                                                                                                                                            | (17,705)      |                             |
| Deferred outflows of resources related to OPEB                                                                                                                                                                                               | <u>8,858</u>  |                             |
|                                                                                                                                                                                                                                              |               | 488,712                     |
| Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.                                                                                                                               |               |                             |
| Receivables                                                                                                                                                                                                                                  | \$ (3,773)    |                             |
| Payables                                                                                                                                                                                                                                     | <u>3,773</u>  |                             |
|                                                                                                                                                                                                                                              |               | -                           |
| Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.                                                                                                                  |               |                             |
| Compensated absences                                                                                                                                                                                                                         | \$ 114,288    |                             |
| Net pension liability                                                                                                                                                                                                                        | 1,920,722     |                             |
| Other postemployment benefits                                                                                                                                                                                                                | <u>71,738</u> |                             |
|                                                                                                                                                                                                                                              |               | <u>(2,106,748)</u>          |
| Net position of governmental activities (Exhibit A)                                                                                                                                                                                          |               | <u><u>\$(1,190,055)</u></u> |

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

**EXHIBIT C-3**  
**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2023**

|                                    | General           | Grants        | Total<br>Governmental<br>Funds |
|------------------------------------|-------------------|---------------|--------------------------------|
| <b>REVENUES</b>                    |                   |               |                                |
| School districts' assessment       | \$ 2,478,501      | \$ -          | \$ 2,478,501                   |
| Other local                        | 68,033            | -             | 68,033                         |
| State                              | 4,808             | -             | 4,808                          |
| Federal                            | -                 | 68,116        | 68,116                         |
| Total revenues                     | <u>2,551,342</u>  | <u>68,116</u> | <u>2,619,458</u>               |
| <b>EXPENDITURES</b>                |                   |               |                                |
| Current:                           |                   |               |                                |
| Instruction                        | -                 | 43,279        | 43,279                         |
| Support services:                  |                   |               |                                |
| Student                            | -                 | 6,464         | 6,464                          |
| General administration             | 8,360             | -             | 8,360                          |
| Executive administration           | 1,460,983         | -             | 1,460,983                      |
| Business                           | 598,871           | 18,373        | 617,244                        |
| Operation and maintenance of plant | 198,739           | -             | 198,739                        |
| Other                              | 265,724           | -             | 265,724                        |
| Total expenditures                 | <u>2,532,677</u>  | <u>68,116</u> | <u>2,600,793</u>               |
| Net change in fund balances        | 18,665            | -             | 18,665                         |
| Fund balances, beginning           | 409,316           | -             | 409,316                        |
| Fund balances, ending              | <u>\$ 427,981</u> | <u>\$ -</u>   | <u>\$ 427,981</u>              |

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

**EXHIBIT C-4**  
**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2023**

---

|                                                                                                                                                                                       |                |                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------|
| Net change in fund balances of total governmental funds (Exhibit C-3)                                                                                                                 |                | \$ 18,665        |
| Some expenses reported in the Statement of Activities do not require<br>the use of current financial resources, therefore, are not reported as expenditures in<br>governmental funds. |                |                  |
| Increase in compensated absences payable                                                                                                                                              | \$ (6,354)     |                  |
| Net change in net pension liability and deferred<br>outflows and inflows of resources related to pensions                                                                             | 16,800         |                  |
| Net change in net other postemployment benefits liability and deferred<br>outflows and inflows of resources related to other postemployment benefits                                  | <u>(7,734)</u> |                  |
|                                                                                                                                                                                       |                | <u>2,712</u>     |
| Change in net position of governmental activities (Exhibit B)                                                                                                                         |                | <u>\$ 21,377</u> |

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

**EXHIBIT D-1**  
**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual (Non-GAAP Budgetary Basis)*  
**General Fund**  
**For the Fiscal Year Ended June 30, 2023**

|                                                     | Original<br>and Final<br>Budget | Actual            | Variance<br>Positive<br>(Negative) |
|-----------------------------------------------------|---------------------------------|-------------------|------------------------------------|
| <b>REVENUES</b>                                     |                                 |                   |                                    |
| School districts' assessments                       | \$ 2,478,501                    | \$ 2,478,501      | \$ -                               |
| Other local                                         | 50,000                          | 68,033            | 18,033                             |
| State                                               | -                               | 4,808             | 4,808                              |
| Total revenues                                      | <u>2,528,501</u>                | <u>2,551,342</u>  | <u>22,841</u>                      |
| <b>EXPENDITURES</b>                                 |                                 |                   |                                    |
| Current:                                            |                                 |                   |                                    |
| General administration                              | 11,490                          | 5,645             | 5,845                              |
| Executive administration                            | 1,463,994                       | 1,460,983         | 3,011                              |
| Business                                            | 609,442                         | 598,871           | 10,571                             |
| Operation and maintenance of plant                  | 208,260                         | 199,639           | 8,621                              |
| Other                                               | 255,315                         | 265,724           | (10,409)                           |
| Total expenditures                                  | <u>2,548,501</u>                | <u>2,530,862</u>  | <u>17,639</u>                      |
| Net change in fund balance                          | <u>\$ (20,000)</u>              | 20,480            | <u>\$ 40,480</u>                   |
| Increase in nonspendable fund balance               |                                 | (984)             |                                    |
| Increase in committed fund balance                  |                                 | (66,430)          |                                    |
| Increase in assigned (non-encumbrance) fund balance |                                 | (87,485)          |                                    |
| Unassigned fund balance, beginning                  |                                 | 403,933           |                                    |
| Unassigned fund balance, ending                     |                                 | <u>\$ 269,514</u> |                                    |

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

**EXHIBIT D-2**  
**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (GAAP Basis)**  
**Grants Fund**  
**For the Fiscal Year Ended June 30, 2023**

|                            | Budgeted Amounts |           | Actual   | Variance<br>Positive<br>(Negative) |
|----------------------------|------------------|-----------|----------|------------------------------------|
|                            | Original         | Final     |          |                                    |
| <b>REVENUES</b>            |                  |           |          |                                    |
| Federal                    | \$175,000        | \$ 68,116 | \$68,116 | \$ -                               |
| <b>EXPENDITURES</b>        |                  |           |          |                                    |
| Current:                   |                  |           |          |                                    |
| Instruction                | 175,000          | 43,279    | 43,279   | -                                  |
| Support services:          |                  |           |          |                                    |
| Student                    | -                | 6,464     | 6,464    | -                                  |
| Business                   | -                | 18,373    | 18,373   | -                                  |
| Total expenditures         | 175,000          | 68,116    | 68,116   | -                                  |
| Net change in fund balance | \$ -             | \$ -      | -        | \$ -                               |
| Fund balance, beginning    |                  |           | -        |                                    |
| Fund balance, ending       |                  |           | \$ -     |                                    |

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

**EXHIBIT E-1**  
**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**Fiduciary Fund**  
**Statement of Fiduciary Net Position**  
**June 30, 2023**

|                           | Custodial<br>Fund |
|---------------------------|-------------------|
| <b>ASSETS</b>             |                   |
| Accounts receivable       | \$ 3,228          |
| <b>LIABILITIES</b>        |                   |
| Intergovernmental payable | 3,228             |
| <b>NET POSITION</b>       | <b>\$ -</b>       |

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

**EXHIBIT E-2**  
**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**Fiduciary Fund**  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended June 30, 2023**

|                                                      | Custodial<br>Fund |
|------------------------------------------------------|-------------------|
| <b>ADDITIONS</b>                                     |                   |
| Child nutrition program revenue for member districts | \$ 602,656        |
| Grant revenue for member districts                   | 30,192            |
| Energy rebate                                        | 3,228             |
| Total additions                                      | <u>636,076</u>    |
| <b>DEDUCTIONS</b>                                    |                   |
| Payments for member districts                        | <u>636,076</u>    |
| Change in net position                               | -                 |
| Net position, beginning                              | -                 |
| Net position, ending                                 | <u>\$ -</u>       |

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

**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

|                                                                                   | <b><u>NOTE</u></b> |
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***DETAILED NOTES ON ALL FUNDS***

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**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

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

The financial statements of School Administrative Unit No. 19, in Goffstown, 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.

***1-A Reporting Entity***

School Administrative Unit No. 19 is an entity established by State statute to provide administrative services for the Goffstown and New Boston School Districts. The School Administrative Unit is governed by the respective School Administrative Unit Board of the Goffstown and New Boston 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 GASB Statement No. 14 (as amended). 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. 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, including long-term liabilities, with the exception of the long-term costs of retirement healthcare and obligations for other postemployment benefits which have been omitted because the liability and expense 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. As in the Statement of Net Position, the School Administrative Unit has not recorded other postemployment benefit expense in this Statement. Program revenues include 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.

In the governmental fund financial statements, expenditures are reported by function: instruction or support services. Current expenditures are subclassified by object and are for items such as salaries, grants, supplies, and services.

***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. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School 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

**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

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, expenditures related to compensated absences 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 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 member district assessments and other local sources. The primary expenditures are for support services.

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

**Fiduciary Fund Financial Statements** – Fiduciary fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. These funds account for resources held by the School Administrative Unit for the benefit of other parties and include custodial funds. Fiduciary funds are accounted for on a spending, or "economic resources" measurement focus and the accrual basis of accounting.

***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. 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 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 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 primarily of accounts and intergovernmental receivables.

***1-F Inventory***

Inventories are valued at cost (first-in, first-out) which approximates market. The School Administrative Unit's inventories include heating fuel held for subsequent use. Inventory is recorded as an expenditure when consumed at the schools (the consumption method). The nonspendable fund balance at the governmental fund level includes the inventory balance to indicate the portion of governmental fund balance that is nonspendable.

***1-G Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and expensed as the items are used. This amount is also part of the nonspendable fund balance at year-end.

**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

***1-H Interfund Receivables and Payables***

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." 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, 2023.

***1-J Deferred Outflows/Inflows of Resources***

*Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position that applies to a future period(s) and thus will not be recognized as an outflow of resources (expense) until that time. The School Administrative Unit has two items that qualify for reporting in this category. Deferred outflows related to pensions and deferred outflows related to OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

*Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position that applies to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. The School Administrative Unit has one type of item which qualifies for reporting in this category. Deferred inflows of resources related to pensions are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

***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 Compensated Absences***

General leave for the School Administrative Unit includes vacation pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon retirement or termination, employees are paid full value for any accrued general leave earned as set forth by the School Administrative Unit's personnel policy.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable financial resources are maintained separately and represent a reconciling item between the governmental fund and government-wide presentations.

***1-M Defined Benefit Pension Plan***

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

***1-N Postemployment Benefits Other Than Pensions (OPEB)***

The School Administrative Unit maintains two separate other postemployment benefit plans, as follows:

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

***Single Employer Plan*** – 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 GASB Statement No. 75, *Accounting and Financial Reporting For Postemployment Benefits Other Than Pensions*.

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

Government-wide statements – Equity is classified as net position and displayed as unrestricted net position. This classification typically includes unrestricted liquid assets.

***Fund Balance Classifications*** – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make 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) they are legally or contractually required to be maintained intact.

***Committed*** – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body. 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.

***Assigned*** – Amounts that are constrained by the School Administrative Unit's intent to be used for a specific purpose but are not committed. This intent can be expressed by the School Administrative Unit Board or through the Board delegating this responsibility to the Superintendent or Business Administrator through the budgetary process.

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

When multiple net position/fund balance classifications are available for use, it is the School Administrative Unit'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.

The School Administrative Unit's fund balance policy requires the School Administrative Unit to maintain an unassigned fund balance of 8-12% of the current year's general fund budget. The School Administrative Unit Board may vote to use fund balance to reduce the current or next year's assessments to School Administrative Unit districts, to fund Capital Improvement Plan projects, to fund unanticipated expenditures, or to cover revenue shortfalls. In the event that the unassigned fund balance falls below 8%, the School Administrative Unit Board should aim to replenish it within the next two fiscal years.

***1-P Use of Estimates***

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include assessing the collectability of accounts receivable, recoverability of inventory, net pension liability, other postemployment benefit liability,

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and deferred outflows and inflows of resources related to both pension and other postemployment benefits, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

**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.

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2023, \$20,000 of the beginning general fund unassigned fund balance was applied for this purpose.

**2-B Budgetary Reconciliation to GAAP Basis**

While the School Administrative Unit reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual is presented for each major governmental fund which had a budget. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

|                                   |                    |
|-----------------------------------|--------------------|
| Expenditures:                     |                    |
| Per Exhibit D-1 (budgetary basis) | \$2,530,862        |
| Adjustments:                      |                    |
| Basis differences:                |                    |
| Encumbrances, beginning           | 2,715              |
| Encumbrances, ending              | (900)              |
| Per Exhibit C-3 (GAAP basis)      | <u>\$2,532,677</u> |

**2-C Accounting Change**

Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, was implemented during fiscal year 2023. The objective of this Statement is to better meet information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirement for subscription-based information technology arrangements (SBITAs); (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription assets (an intangible asset), and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards of SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. The School Administrative Unit has assessed all potential agreements that may be applicable for reporting under GASB Statement No. 96 and has determined that none of the agreements met the requirements of the pronouncement.

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**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The School Administrative Unit's deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held by the School Administrative Unit's agent in the School Administrative Unit's name. The FDIC currently insures the first \$250,000 of the School Administrative Unit's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by collateral. As of year-end, the carrying amount of the School Administrative Unit's deposits was \$508,917 and the bank balances totaled \$524,135.

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2023, consisted of accounts and intergovernmental amounts arising from indirect costs 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 – INTERFUND BALANCES**

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2023, are as follows:

| Receivable Fund | Payable Fund | Amount   |
|-----------------|--------------|----------|
| General         | Grants       | \$ 3,773 |

**NOTE 6 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments at June 30, 2023 consist of the following:

|                                                    | Governmental<br>Activities | Governmental<br>Fund<br>General | Fiduciary<br>Fund<br>Custodial |
|----------------------------------------------------|----------------------------|---------------------------------|--------------------------------|
| Balance due to the New Hampshire Retirement System | \$ 28,814                  | \$ 28,814                       | \$ -                           |
| Balance due to Goffstown School District           | -                          | -                               | 2,747                          |
| Balance due to New Boston School District          | -                          | -                               | 481                            |
| Total intergovernmental payables due               | <u>\$ 28,814</u>           | <u>\$ 28,814</u>                | <u>\$ 3,228</u>                |

**NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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

|                                         | Governmental<br>Activities |
|-----------------------------------------|----------------------------|
| Amounts related to pensions, see Note 9 | \$ 497,559                 |
| Amounts related to OPEB, see Note 11    | 8,858                      |
| Total deferred inflows of resources     | <u>\$ 506,417</u>          |

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

|                                         | Governmental<br>Activities |
|-----------------------------------------|----------------------------|
| Amounts related to pensions, see Note 9 | <u>\$ 17,705</u>           |

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**NOTE 8 – LONG-TERM LIABILITIES**

Changes in the School Administrative Unit's long-term liabilities consisted of the following for the year ended June 30, 2023:

|                                   | Balance<br>July 1, 2022 | Additions        | Balance<br>June 30, 2023 | Due In More<br>Than One Year |
|-----------------------------------|-------------------------|------------------|--------------------------|------------------------------|
| Compensated absences              | \$ 107,934              | \$ 6,354         | \$ 114,288               | \$ 114,288                   |
| Pension related liability         | 1,444,082               | 476,640          | 1,920,722                | 1,920,722                    |
| Net other postemployment benefits | 62,408                  | 9,330            | 71,738                   | 71,738                       |
| Total long-term liabilities       | <u>\$ 1,614,424</u>     | <u>\$492,324</u> | <u>\$ 2,106,748</u>      | <u>\$ 2,106,748</u>          |

A portion of the compensated absences long-term liability, \$87,485, has been reclassified as assigned fund balance in line with School Administrative Unit Policy DO. This designation more clearly acknowledges School Administrative Unit No. 19's obligation to pay this money to employees upon termination. The June 30, 2023, compensated absences balance of \$26,803 represents the remaining compensated absence liability.

**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 within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

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

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

Group II benefits are provided based on age, years of creditable service, and benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012, the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

| Years of Creditable Service as of January 1, 2012 | Minimum Age | Minimum Service | Benefit Multiplier |
|---------------------------------------------------|-------------|-----------------|--------------------|
| At least 8 but less than 10 years                 | 46          | 21              | 2.4%               |
| At least 6 but less than 8 years                  | 47          | 22              | 2.3%               |
| At least 4 but less than 6 years                  | 48          | 23              | 2.2%               |
| Less than 4 years                                 | 49          | 24              | 2.1%               |

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

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**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 2023, the School Administrative Unit contributed 19.48% for teachers and 13.75% for other employees. The contribution requirement for the fiscal year 2023 was \$204,204.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At June 30, 2023, the School Administrative Unit reported a liability of \$1,920,722 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The School 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 participants, actuarially determined. At June 30, 2022, the School Administrative Unit's proportion was .03%, which was the same as from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School Administrative Unit recognized pension expense of \$193,270. At June 30, 2023, the School Administrative Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                             | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Changes in proportion                                                                       | \$ 76,482                            | \$ 10,332                           |
| Net difference between projected and actual investment earnings on pension plan investments | 72,793                               | -                                   |
| Changes in assumptions                                                                      | 102,167                              | -                                   |
| Differences between expected and actual experience                                          | 36,049                               | 7,373                               |
| Contributions subsequent to the measurement date                                            | 210,068                              | -                                   |
| Total                                                                                       | <u>\$ 497,559</u>                    | <u>\$ 17,705</u>                    |

The \$210,068 reported as deferred outflows of resources related to pensions results from the School Administrative Unit contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ending<br>June 30, |                   |
|--------------------------------|-------------------|
| 2023                           | \$ 87,484         |
| 2024                           | 89,509            |
| 2025                           | (15,533)          |
| 2026                           | 108,326           |
| Totals                         | <u>\$ 269,786</u> |

**Actuarial Assumptions** – The collective total pension liability was determined by an actuarial performed as of June 30, 2020, rolled forward to June 30, 2021, using the following assumptions:

|                            |                                                                   |
|----------------------------|-------------------------------------------------------------------|
| Inflation:                 | 2.0% per year                                                     |
| Wage inflation:            | 2.75% per year (2.25% for Teachers)                               |
| Salary increases:          | 5.4% average, including inflation                                 |
| Investment rate of return: | 6.75% net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

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**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 2021:

| Asset Class                 | Target Allocation | 30 Year Geometric Return |
|-----------------------------|-------------------|--------------------------|
| Broad US Equity (1)         | 30.00%            | 7.60%                    |
| Global Ex-US Equity (2)     | 20.00%            | 7.90%                    |
| Total public equity         | 50.00%            |                          |
| Real Estate Equity          | 10.00%            | 6.60%                    |
| Private Equity              | 10.00%            | 8.85%                    |
| Total private market equity | 20.00%            |                          |
| Private Debt                | 5.00%             | 7.25%                    |
| Core U.S. Fixed Income (3)  | 25.00%            | 3.60%                    |
| Inflation                   | 0.00%             | 2.25%                    |
| Total                       | 100.00%           | 7.30%                    |

**Discount Rate** – The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial 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 6.75% 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 (5.75%) or 1-percentage point higher (7.75%) than the current rate:

| Actuarial Valuation Date | 1% Decrease 5.75% | Current Single Rate Assumption 6.75% | 1% Increase 7.75% |
|--------------------------|-------------------|--------------------------------------|-------------------|
| June 30, 2022            | \$2,577,124       | \$1,920,722                          | \$1,374,984       |

**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 – SUPPLEMENTAL RETIREMENT PLAN**

All employees employed by the School Administrative Unit are eligible to participate in a defined contribution pension plan administered by TSA. Participation can begin immediately upon employment. The School Administrative Unit has no requirement or obligation under State Statutes to contribute to this plan, however the School Administrative Unit has adopted the Supplemental Retirement Plan 457 and 403(b) for its employees. The School Administrative Unit Board has the authority to establish and amend the benefit provisions and contribution requirements of the plan. The School Administrative Unit contributes varying percentages (based on position) of each employee's salary and all amounts contributed are vested immediately. Also, employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2023, were \$33,889 from the School Administrative Unit and \$101,754 from employees.

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

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

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2022 Comprehensive Annual Financial Report, which can be found on the System’s website at [www.nhrs.org](http://www.nhrs.org).

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

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

Maximum medical subsidy rates paid during fiscal year 2022 were as follows:

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

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

**Contributions** – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2022, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2023, the School Administrative Unit contributed 1.54% for teachers and 0.31% for other employees. The contribution requirement for the fiscal year 2023 was \$8,636, which was paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – At June 30, 2023, the School Administrative Unit reported a liability of \$71,738 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The School 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 participants, actuarially determined. At June 30, 2022, the School Administrative Unit’s proportion was .02%, which was the same as its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School Administrative Unit recognized OPEB expense of \$10,443. At June 30, 2023, the School Administrative Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                                          | Deferred<br>Outflows of<br>Resources |
|------------------------------------------------------------------------------------------|--------------------------------------|
| Net difference between projected and actual investment earnings on OPEB plan investments | \$ 196                               |
| Contributions subsequent to the measurement date                                         | 8,662                                |
| Total                                                                                    | <u>\$ 8,858</u>                      |

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The \$8,662 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Fiscal Year Ending<br>June 30, |               |
|--------------------------------|---------------|
|                                |               |
| 2023                           | \$ 33         |
| 2024                           | 8             |
| 2025                           | (77)          |
| 2026                           | 232           |
| Totals                         | <u>\$ 196</u> |

**Actuarial Assumptions** – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2021, and a measurement date of June 30, 2022. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

|                            |                                                                |
|----------------------------|----------------------------------------------------------------|
| Price inflation:           | 2.0% per year                                                  |
| Wage inflation:            | 2.75% per year (2.25% for Teachers)                            |
| Salary increases:          | 5.4% average, including inflation                              |
| Investment rate of return: | 6.75% net of OPEB plan investment expense, including inflation |
| Health care trend rate:    | Not applicable, given that the benefits are fixed stipends     |

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

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

**Long-term Rates of Return** – The long-term expected rate of return on 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 2022:

| Asset Class                 | Target<br>Allocation | 30 Year Geometric Return |
|-----------------------------|----------------------|--------------------------|
| Broad US Equity (1)         | 30.00%               | 7.60%                    |
| Global Ex-US Equity (2)     | 20.00%               | 7.90%                    |
| Total public equity         | <u>50.00%</u>        |                          |
| Real Estate Equity          | 10.00%               | 6.60%                    |
| Private Equity              | 10.00%               | 8.85%                    |
| Total private market equity | <u>20.00%</u>        |                          |
| Private Debt                | 5.00%                | 7.25%                    |
| Core U.S. Fixed Income (3)  | 25.00%               |                          |
| Inflation                   | 0.00%                | 2.25%                    |
| Total                       | <u>100.00%</u>       | 7.30%                    |

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2022, was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

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**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 6.75% 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 (5.75%) or 1-percentage point higher (7.75%) than the current rate:

| Actuarial<br>Valuation<br>Date | 1% Decrease<br>5.75% | Current Single<br>Rate Assumption<br>6.75% | 1% Increase<br>7.75% |
|--------------------------------|----------------------|--------------------------------------------|----------------------|
| June 30, 2022                  | \$ 77,884            | \$ 71,738                                  | \$ 66,368            |

**Sensitivity of the School Administrative Unit's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rate –** GASB Statement 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, 2023, or contracted with an actuarial firm to assist in evaluating the impact of this standard on the School Administrative Unit. The amounts that should be recorded as the net OPEB liability and the OPEB expense is unknown.

**NOTE 12 - ENCUMBRANCES**

Encumbrances outstanding in the general fund are \$900 at June 30, 2023 for operation and maintenance of plant.

**NOTE 13 – GOVERNMENTAL ACTIVITIES NET POSITION**

Net position reported on the government-wide Statement of Net Position at June 30, 2023, includes the following:

|              | Governmental<br>Activities |
|--------------|----------------------------|
| Unrestricted | \$ (1,190,055)             |

**NOTE 14 – GOVERNMENTAL FUND BALANCES**

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

|                                 | General<br>Fund |
|---------------------------------|-----------------|
| <b>Nonspendable:</b>            |                 |
| Prepaid items                   | \$ 2,446        |
| Inventory                       | 1,206           |
| Total nonspendable fund balance | 3,652           |
|                                 | (Continued)     |

**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

*Governmental fund balances continued:*

|                                  | General<br>Fund |
|----------------------------------|-----------------|
| <b>Committed:</b>                |                 |
| Voted appropriations- March 2023 | 66,430          |
| <b>Assigned:</b>                 |                 |
| Encumbrances                     | 900             |
| Vacation payout contingency      | 87,485          |
| Total assigned fund balance      | 88,385          |
| <b>Unassigned</b>                | 269,514         |
| Total governmental fund balances | \$ 427,981      |

A portion of the compensated absences long-term liability, \$87,485, has been reclassified as assigned fund balance in line with the School Administrative Unit's Fund Balance policy. This designation more clearly acknowledges the School Administrative Unit's obligation to pay this money to employees upon termination.

**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 2023, 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, 2022 to June 30, 2023 by Primex<sup>3</sup>, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and for each property loss it is based upon the School Administrative Unit's property schedule on file with Primex<sup>3</sup>. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2022-23, the School Administrative Unit paid \$4,819 and \$5,658, respectively, to Primex<sup>3</sup> for Workers' Compensation and Property/Liability. At this time, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

The School 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 January 15, 2024, the date the June 30, 2023, financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT F**  
**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
*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, 2023*  
*Unaudited*

| Fiscal year-end                                                                                                      | June 30,<br>2014 | June 30,<br>2015 | June 30,<br>2016 | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2019 | June 30,<br>2020 | June 30,<br>2021 | June 30,<br>2022 | June 30,<br>2023 |
|----------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Measurement date                                                                                                     | June 30,<br>2013 | June 30,<br>2014 | June 30,<br>2015 | June 30,<br>2016 | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2019 | June 30,<br>2020 | June 30,<br>2021 | June 30,<br>2022 |
| School Administrative Unit's proportion of the net pension liability                                                 | 0.04%            | 0.03%            | 0.03%            | 0.03%            | 0.03%            | 0.03%            | 0.03%            | 0.03%            | 0.03%            | 0.03%            |
| School Administrative Unit's proportionate share of the net pension liability                                        | \$1,533,607      | \$1,051,661      | \$1,088,352      | \$1,492,043      | \$1,674,886      | \$1,562,665      | \$1,496,651      | \$2,020,803      | \$ 1,444,082     | \$1,920,722      |
| School Administrative Unit's covered payroll (as of the measurement date)                                            | \$ 758,054       | \$ 869,884       | \$ 909,527       | \$1,034,108      | \$1,156,923      | \$1,139,829      | \$1,144,575      | \$1,197,634      | \$ 1,257,147     | \$1,272,908      |
| School Administrative Unit's proportionate share of the net pension liability as a percentage of its covered payroll | 202.31%          | 120.90%          | 119.66%          | 144.28%          | 144.77%          | 137.10%          | 130.76%          | 168.73%          | 114.87%          | 150.89%          |
| Plan fiduciary net position as a percentage of the total pension liability                                           | 59.81%           | 66.32%           | 65.47%           | 58.30%           | 62.66%           | 64.73%           | 65.59%           | 58.72%           | 72.22%           | 65.12%           |

**EXHIBIT G**  
**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
*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, 2023*  
**Unaudited**

| Fiscal year-end                                                       | June 30,<br>2014 | June 30,<br>2015 | June 30,<br>2016 | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2019 | June 30,<br>2020 | June 30,<br>2021 | June 30,<br>2022 | June 30,<br>2023 |
|-----------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Measurement date                                                      | June 30,<br>2013 | June 30,<br>2014 | June 30,<br>2015 | June 30,<br>2016 | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2019 | June 30,<br>2020 | June 30,<br>2021 | June 30,<br>2022 |
| Contractually required contribution                                   | \$ 88,605        | \$ 90,895        | \$ 92,169        | \$ 100,472       | \$ 124,763       | \$ 137,164       | \$ 135,362       | \$ 140,354       | \$ 193,881       | \$ 204,204       |
| Contributions in relation to the contractually required contributions | (88,605)         | (90,895)         | (92,169)         | (100,472)        | (124,763)        | (137,164)        | (135,362)        | (140,354)        | (193,881)        | (204,204)        |
| Contribution deficiency (excess)                                      | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| School Administrative Unit's covered payroll (as of the fiscal year)  | \$758,054        | \$869,884        | \$909,527        | \$1,034,108      | \$1,156,923      | \$1,139,829      | \$1,197,634      | \$1,257,147      | \$1,272,908      | \$1,379,136      |
| Contributions as a percentage of covered payroll                      | 11.69%           | 10.45%           | 10.13%           | 9.72%            | 10.78%           | 12.03%           | 11.30%           | 11.16%           | 15.23%           | 14.81%           |

**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

***Schedule of the School Administrative Unit's Proportionate Share of Net Pension Liability and  
Schedule of School Administrative Unit Contributions – Pensions***

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

***Changes in Assumptions*** – Salary increases changed from 5.4% to 5.6% in the current period.

***Methods and Assumptions Used to Determine Contribution Rates*** – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at [www.nhrs.org](http://www.nhrs.org).

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the School Administrative Unit's pension plan at June 30, 2023. These schedules are presented to illustrate the requirement to show information for 10 years.

**EXHIBIT H**  
**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
*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, 2023*  
**Unaudited**

| Fiscal year-end                                                                                                           | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2019 | June 30,<br>2020 | June 30,<br>2021 | June 30,<br>2022 | June 30,<br>2023 |
|---------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Measurement date                                                                                                          | June 30,<br>2016 | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2019 | June 30,<br>2020 | June 30,<br>2021 | June 30,<br>2022 |
| School Administrative Unit's proportion of the net OPEB liability                                                         | 0.01%            | 0.01%            | 0.01%            | 0.01%            | 0.01%            | 0.02%            | 0.02%            |
| School Administrative Unit's proportionate share of the net OPEB liability (asset)                                        | \$ 43,557        | \$ 63,304        | \$ 63,274        | \$ 58,495        | \$ 60,945        | \$ 62,408        | \$ 71,738        |
| School Administrative Unit's covered payroll (as of the measurement date)                                                 | \$ 1,034,108     | \$1,156,923      | \$1,139,829      | \$1,144,575      | \$1,197,634      | \$1,257,147      | \$1,272,908      |
| School Administrative Unit's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 4.21%            | 5.47%            | 5.55%            | 5.11%            | 5.09%            | 4.96%            | 5.64%            |
| Plan fiduciary net position as a percentage of the total OPEB liability                                                   | 5.21%            | 7.91%            | 7.53%            | 7.75%            | 7.74%            | 11.06%           | 10.64%           |

**EXHIBIT I**  
**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
*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, 2023*  
*Unaudited*

| Fiscal year-end                                                      | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2019 | June 30,<br>2020 | June 30,<br>2021 | June 30,<br>2022 | June 30,<br>2023 |
|----------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Measurement date                                                     | June 30,<br>2016 | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2019 | June 30,<br>2020 | June 30,<br>2021 | June 30,<br>2022 |
| Contractually required contribution                                  | \$ 5,228         | \$ 8,206         | \$ 6,113         | \$ 6,089         | \$ 6,463         | \$ 7,994         | \$ 8,636         |
| Contributions in relation to the contractually required contribution | (5,228)          | (8,206)          | (6,113)          | (6,089)          | (6,463)          | (7,994)          | (8,636)          |
| Contribution deficiency (excess)                                     | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| School Administrative Unit's covered payroll (as of the fiscal year) | \$ 1,156,923     | \$ 1,139,829     | \$ 1,144,575     | \$ 1,197,634     | \$ 1,257,147     | \$ 1,272,908     | \$ 1,379,136     |
| Contributions as a percentage of covered payroll                     | 0.51%            | 0.71%            | 0.54%            | 0.53%            | 0.54%            | 0.64%            | 0.63%            |

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

**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFITS LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

***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***

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

***Changes in Assumptions*** – Salary increases changed from 5.4% to 5.6% in the current period.

***Methods and Assumptions Used to Determine Contribution Rates*** – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at [www.nhrs.org](http://www.nhrs.org).

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the School Administrative Unit's other postemployment benefits at June 30, 2023. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

***INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended June 30, 2023**

|                                                                     | Estimated    | Actual       | Variance<br>Positive<br>(Negative) |
|---------------------------------------------------------------------|--------------|--------------|------------------------------------|
| School districts' assessments:                                      |              |              |                                    |
| Current appropriation                                               | \$ 2,478,501 | \$ 2,478,501 | \$ -                               |
| Other local sources:                                                |              |              |                                    |
| Investment earnings                                                 | -            | 12,582       | 12,582                             |
| Miscellaneous                                                       | 50,000       | 55,451       | 5,451                              |
| Total from other local sources                                      | 50,000       | 68,033       | 18,033                             |
| State sources:                                                      |              |              |                                    |
| Other state aid                                                     | -            | 4,808        | 4,808                              |
| Total revenues                                                      | 2,528,501    | \$ 2,551,342 | \$ 22,841                          |
| Use of fund balance to reduce School Administrative Unit assessment | 20,000       |              |                                    |
| Total revenues and use of fund balance                              | \$ 2,548,501 |              |                                    |

See Independent Auditor's Report.

**SCHEDULE 2**  
**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**Major General Fund**  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended June 30, 2023**

|                                                      | Encumbered<br>from Prior<br>Year | Appropriations | Expenditures | Encumbered<br>to Subsequent<br>Year | Variance<br>Positive<br>(Negative) |
|------------------------------------------------------|----------------------------------|----------------|--------------|-------------------------------------|------------------------------------|
| Current:                                             |                                  |                |              |                                     |                                    |
| Support services:                                    |                                  |                |              |                                     |                                    |
| General administration                               | \$ 2,715                         | \$ 11,490      | \$ 8,360     | \$ -                                | \$ 5,845                           |
| Executive administration                             | -                                | 1,463,994      | 1,460,983    | -                                   | 3,011                              |
| Business                                             | -                                | 609,442        | 598,871      | -                                   | 10,571                             |
| Operation and maintenance of plant                   | -                                | 208,260        | 198,739      | 900                                 | 8,621                              |
| Other                                                | -                                | 255,315        | 265,724      | -                                   | (10,409)                           |
| Total appropriations, expenditures, and encumbrances | \$ 2,715                         | \$ 2,548,501   | \$ 2,532,677 | \$ 900                              | \$ 17,639                          |

See Independent Auditor's Report.

**SCHEDULE 3**  
**SCHOOL ADMINISTRATIVE UNIT NO. 19**  
**Major General Fund**  
*Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2023*

|                                                                              |               |                          |
|------------------------------------------------------------------------------|---------------|--------------------------|
| Unassigned fund balance, beginning                                           |               | \$ 403,933               |
| Changes:                                                                     |               |                          |
| Unassigned fund balance used to reduce School Administrative Unit assessment |               | (20,000)                 |
| 2022-2023 Budget summary:                                                    |               |                          |
| Revenue surplus (Schedule 1)                                                 | \$ 22,841     |                          |
| Unexpended balance of appropriations (Schedule 2)                            | <u>17,639</u> |                          |
| 2022-2023 Budget surplus                                                     |               | 40,480                   |
| Increase in nonspendable fund balance                                        |               | (984)                    |
| Increase in committed fund balance                                           |               | (66,430)                 |
| Increase in assigned (non-encumbrance) fund balance                          |               | <u>(87,485)</u>          |
| Unassigned fund balance, ending                                              |               | <u><u>\$ 269,514</u></u> |

See Independent Auditor's Report.