

SCHOOL ADMINISTRATIVE UNIT NO. 39
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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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. 39
Amherst, New Hampshire

We have audited the accompanying financial statements of the governmental activities and each major fund, of the School Administrative Unit No. 39 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School Administrative Unit's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School Administrative Unit No. 39, as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the general fund and the E-Rate fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

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

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- Schedule of School Administrative Unit Contributions – Other Postemployment Benefits,
- Schedule of Changes in the School Administrative unit's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Administrative Unit No. 39's basic financial statements. The individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Plodzik & Sanderson
Professional Association

January 25, 2022

School Administrative Unit #39
Management's Discussion and Analysis (MD&A)
Of the Annual Financial Report for the Year Ended June 30, 2021

INTRODUCTION

The Superintendent of Schools and Business Administrator of New Hampshire School Administrative Unit (SAU) #39 offer this Management's Discussion and Analysis for the fiscal year which ended June 30, 2021. Responsibility for the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly present the SAU's financial position, and the result of operations of the various funds of the SAU. All disclosures necessary to enable the reader to gain an accurate understanding of the SAU's financial activities have been included. Comparative summary financial information is shown here, as is required, and contains meaningful information relating to the SAU's finances and changes in financial position. Readers are encouraged to consider the information presented here in conjunction with additional information found within the body of the annual financial statements.

The SAU is responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual, and human resource assets of the SAU are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained.

FINANCIAL HIGHLIGHTS

- The SAU's Total Net Position on June 30, 2021 was (\$1,432,390). This was a decrease of \$13,934 from the previous fiscal year. This Total Net Position consists of:
 - \$147,544 in capital assets- a decrease of \$25,997
 - \$28,493 restricted for Brick School Improvements- an increase of \$2,400
 - (\$1,608,427) unrestricted net position balance- an increase of \$9,663
- Governmental funds reported combined ending fund balances of \$386,670, an increase of \$182,720 from the previous fiscal year. See Note 13.
 - The General Fund shows an ending fund balance of \$328,033, an increase of \$179,803.
 - The E-Rate Fund shows an ending fund balance of \$58,637, an increase of \$2,917.

- The SAU carried long term obligations of \$2,543,632 as of June 30, 2021, which was reflected on the financial statements as a reduction in net position. These long-term liabilities consists of:
 - \$106,914 in compensated absences
 - \$2,237,779 in net pension liability
 - \$198,939 in other postemployment benefits
- SAU #39 carries no debt.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of SAU #39. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of SAU #39’s finances, in a manner similar to a private-sector business, and to provide both long-term and short-term information.

The *Statement of Net Position* presents information on all of SAU #39’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. This statement of net position includes debt and contractual obligations as elements of the liabilities of SAU #39.

The *Statement of Activities* presents information showing how SAU #39’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 timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods. Growth in net position over time can generally be expected to reflect improving financial condition, while decline would indicate weakening financial condition.

Fund Financial Statements. The fund financial statements provide more detailed information about SAU #39’s most significant funds – not SAU #39 as a whole. Funds are accounting devices that SAU #39 uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. SAU #39 establishes other funds to control and manage money for particular purposes or to show that SAU #39 is meeting legal responsibilities for using certain revenues.

- Governmental funds – SAU #39’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily

be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. The governmental funds statements provide a detailed short-term view that helps one to determine whether there are more or fewer financial resources that can be spent in the near future to finance SAU #39's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided with the governmental funds statements explaining the relationship (or differences) between them.

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.

NET POSITION

The SAU's negative net position is due to the School District's implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions which requires the School District to report their proportionate share of the New Hampshire Retirement System's liability based upon their plan contributions for the year.

The table below provides a summary of the change in net position for fiscal year 2021 compared to fiscal year 2020:

Summary of Net Position
Governmental Activities

	June 30, 2021	June 30, 2020
Current and Other Assets	\$ 481,960	\$ 317,116
Capital Assets	147,544	173,541
Total Assets	629,504	490,657
Deferred Outflows of Resources	771,748	258,915
Current Liabilities	93,757	112,171
Other Liabilities	2,543,632	1,739,731
Total Liabilities	2,637,389	1,851,902
Deferred Inflows of Resources	196,253	316,126
Net Position:		
Net Investment in Capital Assets	147,544	173,541
Restricted	28,493	26,093
Unrestricted	(1,608,427)	(1,618,090)
Total Net Position	\$ (1,432,390)	\$ (1,418,456)

Changes in Net Position. SAU #39's total revenue of \$2,552,332 with the total expenses of \$2,566,266 results in a decrease in net position of \$13,949. The majority of SAU #39's revenue (98.5%) came from the School Districts. The majority of SAU #39's expenses were for the Executive Administration (34.6%) and Business Office (29.2%).

Summary of Changes in Net Position
Governmental Activities

	June 30, 2021	June 30, 2020
Revenues:		
Program Revenue:		
Operating Grants and Contributions	\$ 22,839	\$ 42,230
General Revenue:		
School District Assessment	2,514,622	2,303,972
Unrestricted Investment Income	393	1,153
Miscellaneous	14,478	111,975
Total Revenues	<u>2,552,332</u>	<u>2,459,330</u>
Expenses:		
Instruction	257,263	277,847
Executive Administration	889,044	677,572
Business	749,650	826,015
Operation and Maintenance of Plant	223,544	159,702
Other	331,914	305,725
Noninstructional	114,851	99,316
Total Expenses	<u>2,566,266</u>	<u>2,346,177</u>
Change in Net Position	(13,934)	113,153
Net Position, beginning	<u>(1,418,456)</u>	<u>(1,531,609)</u>
Net Position, ending	<u>\$ (1,432,390)</u>	<u>\$ (1,418,456)</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2021, SAU #39 reported capital assets of \$147,544 (net of accumulated depreciation), which consists of a broad range of capital assets, including buildings improvements, and machinery, equipment, furniture and fixtures. More detailed information about SAU #39's capital assets is presented in the notes to the financial statements. See Note 1-G and Note 5.

Long-Term Liabilities

Compensated absences had a net decrease in potential future payments of \$16,450. The liabilities for other post-employment benefits had a net increase in potential future payments of \$46,009, and net pension related liability was increased by \$774,342. More detailed information about SAU #39's long-term liabilities is presented in Note 8 of the financial statements.

CONTACTING SAU'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors, and creditors with a general overview of SAU #39's finances and to demonstrate SAU #39's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Adam Steel, Superintendent, or Amy Facey, Business Administrator, at (603) 673-2690 or by mail at:

SAU #39
ATTN: Business Office
PO Box 849
Amherst, NH 03031

BASIC FINANCIAL STATEMENTS

EXHIBIT A
SCHOOL ADMINISTRATIVE UNIT NO. 39
Statement of Net Position
June 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 428,045
Intergovernmental receivable	53,094
Prepaid items	821
Capital assets, net of accumulated depreciation	147,544
Total assets	<u>629,504</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	744,498
Amounts related to other postemployment benefits	27,250
Total deferred outflows of resources	<u>771,748</u>
LIABILITIES	
Accounts payable	17,011
Accrued salaries and benefits	73,196
Intergovernmental payable	3,550
Due in more than one year	2,543,632
Total liabilities	<u>2,637,389</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - received in advance	1,533
Amounts related to pensions	170,748
Amounts related to other postemployment benefits	23,972
Total deferred inflows of resources	<u>196,253</u>
NET POSITION	
Net investment in capital assets	147,544
Restricted	28,493
Unrestricted	<u>(1,608,427)</u>
Total net position	<u>\$ (1,432,390)</u>

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

EXHIBIT B
SCHOOL ADMINISTRATIVE UNIT NO. 39
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Governmental activities:			
Instruction	\$ 257,263	\$ -	\$ (257,263)
Support services:			
Executive administration	889,044	-	(889,044)
Business	749,650	-	(749,650)
Operation and maintenance of plant	223,544	-	(223,544)
Other	331,914	22,839	(309,075)
Noninstructional services	114,851	-	(114,851)
Total governmental activities	<u>\$ 2,566,266</u>	<u>\$ 22,839</u>	<u>(2,543,427)</u>
General revenues and contributions:			
Member districts' assessments			2,514,622
Interest			393
Miscellaneous			14,478
Total general revenues and contributions			<u>2,529,493</u>
Change in net position			(13,934)
Net position, beginning			(1,418,456)
Net position, ending			<u>\$ (1,432,390)</u>

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

EXHIBIT C-1
SCHOOL ADMINISTRATIVE UNIT NO. 39
Governmental Funds
Balance Sheet
June 30, 2021

	General	E-Rate	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 369,408	\$ 58,637	\$ 428,045
Intergovernmental	53,094	-	53,094
Prepaid items	821	-	821
Total assets	<u>\$ 423,323</u>	<u>\$ 58,637</u>	<u>\$ 481,960</u>
LIABILITIES			
Accounts payable	\$ 17,011	\$ -	\$ 17,011
Accrued salaries and benefits	73,196	-	73,196
Intergovernmental payable	3,550	-	3,550
Total liabilities	<u>93,757</u>	<u>-</u>	<u>93,757</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - funds received in advance	<u>1,533</u>	<u>-</u>	<u>1,533</u>
FUND BALANCES			
Nonspendable	821	-	821
Restricted	28,493	-	28,493
Committed	-	58,637	58,637
Assigned	8,560	-	8,560
Unassigned	<u>290,159</u>	<u>-</u>	<u>290,159</u>
Total fund balances	<u>328,033</u>	<u>58,637</u>	<u>386,670</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 423,323</u>	<u>\$ 58,637</u>	<u>\$ 481,960</u>

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

EXHIBIT C-2
SCHOOL ADMINISTRATIVE UNIT NO. 39
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2021

Total fund balances of governmental funds (Exhibit C-1)		\$ 386,670
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 223,876	
Less accumulated depreciation	<u>(76,332)</u>	
		147,544
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	\$ 744,498	
Deferred inflows of resources related to pensions	(170,748)	
Deferred outflows of resources related to OPEB	27,250	
Deferred inflows of resources related to OPEB	<u>(23,972)</u>	
		577,028
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Compensated absences	\$ 106,914	
Net pension liability	2,237,779	
Other postemployment benefits	<u>198,939</u>	
		<u>(2,543,632)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ (1,432,390)</u></u>

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

EXHIBIT C-3
SCHOOL ADMINISTRATIVE UNIT NO. 39
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021

	General	E-Rate	Total Governmental Funds
REVENUES			
Member districts' assessments	\$ 2,514,622	\$ -	\$ 2,514,622
Other local	14,871	22,839	37,710
Total revenues	<u>2,529,493</u>	<u>22,839</u>	<u>2,552,332</u>
EXPENDITURES			
Current:			
Instruction	226,551	-	226,551
Support services:			
Executive administration	818,484	-	818,484
Business	697,408	-	697,408
Operation and maintenance of plant	190,663	-	190,663
Other	311,992	19,922	331,914
Noninstructional services	104,592	-	104,592
Total expenditures	<u>2,349,690</u>	<u>19,922</u>	<u>2,369,612</u>
Net change in fund balances	179,803	2,917	182,720
Fund balances, beginning	148,230	55,720	203,950
Fund balances, ending	<u>\$ 328,033</u>	<u>\$ 58,637</u>	<u>\$ 386,670</u>

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

EXHIBIT C-4
SCHOOL ADMINISTRATIVE UNIT NO. 39
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ 182,720
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		
Depreciation expense		(14,461)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.		(11,536)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Decrease in compensated absences payable	\$ 16,450	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	(140,174)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	(46,933)	
		(170,657)
Change in net position of governmental activities (Exhibit B)		<u>\$ (13,934)</u>

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

EXHIBIT D-1
SCHOOL ADMINISTRATIVE UNIT NO. 39
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Member districts' assessments	\$ 2,514,622	\$ 2,514,622	\$ 2,514,622	\$ -
Other local	-	112	14,871	14,759
Total revenues	<u>2,514,622</u>	<u>2,514,734</u>	<u>2,529,493</u>	<u>14,759</u>
EXPENDITURES				
Current:				
Instruction	310,130	310,242	226,551	83,691
Support services:				
Executive administration	867,862	818,917	818,484	433
Business	719,255	719,255	697,408	21,847
Operation and maintenance of plant	189,938	209,448	199,223	10,225
Other	335,496	364,931	311,992	52,939
Noninstructional	110,676	110,676	104,592	6,084
Total expenditures	<u>2,533,357</u>	<u>2,533,469</u>	<u>2,358,250</u>	<u>175,219</u>
Net change in fund balance	<u>\$ (18,735)</u>	<u>\$ (18,735)</u>	171,243	<u>\$ 189,978</u>
Decrease in nonspendable fund balance			310	
Increase in restricted fund balance			(2,400)	
Unassigned fund balance, beginning			121,006	
Unassigned fund balance, ending			<u>\$ 290,159</u>	

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

EXHIBIT D-2
SCHOOL ADMINISTRATIVE UNIT NO. 39
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
E-Rate Fund
For the Fiscal Year Ended June 30, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Other local	\$ 18,100	\$ 22,839	\$ 4,739
EXPENDITURES			
Support services:			
Other	18,100	19,922	(1,822)
Net change in fund balance	\$ -	2,917	\$ 2,917
Fund balance, beginning		55,720	
Fund balance, ending		\$ 58,637	

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

SCHOOL ADMINISTRATIVE UNIT NO. 39
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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SCHOOL ADMINISTRATIVE UNIT NO. 39
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School Administrative Unit No. 39, in Amherst, New Hampshire, have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

1-A Reporting Entity

The School Administrative Unit No. 39 is an entity established by state statute to provide administrative services for Amherst, Mont Vernon, and Souhegan Cooperative School Districts. The School Administrative Unit is governed by the respective School Board of Amherst, Mont Vernon, and Souhegan Cooperative School Districts. In evaluating how to define the School Administrative Unit for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The School Administrative Unit has no component units to include in its reporting entity.

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

1-B Government-wide and Fund Financial Statements

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

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

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

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

In the governmental fund financial statements, expenditures are reported by character: current, support services, debt services, facilities acquisition, and construction or noninstructional. Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Debt service includes both interest and principal outlays related to bonds. Capital outlay includes expenditures for equipment, real property, or infrastructure. The School Administrative Unit had no debt service or facilities acquisition and construction expenditures for the current fiscal year.

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

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

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School 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. Member Districts' assessments, intergovernmental revenue, and other local sources associated with the current fiscal period are all

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considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Financial Statement Presentation – A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

The School 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 Districts’ assessments, and other local sources. The primary expenditures are for instruction, support services, and noninstructional services.

E-Rate Fund – accounts for the resources received from Federal Communications Commission’s Universal Service Fund. The resources provide discounted telecommunications, internet access, and internal connections to eligible schools.

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. 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 Administrative Unit Board. The treasurer shall deposit all such monies in participation units in the public deposit investment pool established pursuant to NH RSA 383:22 or in solvent banks in the State. Funds may be deposited in banks outside the State if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-E Receivables

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

1-F Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and expensed as the items are used.

1-G Capital Assets

Capital assets are reported in the governmental activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015, are recorded at acquisition value. The School Administrative Unit has established a threshold of \$10,000 or more and an estimated useful life in excess of 5 years for capitalization of depreciable assets.

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

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

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

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

Capital Asset Class:	Years
Buildings and building improvements	20-25
Software and equipment	5-20

1-H Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2021.

1-I Deferred Outflows/Inflows of Resources

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

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

1-J Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. The School Administrative Unit reports other long-term obligations in the form of net pension liability, other postemployment benefits and compensated absences.

1-K Compensated Absences

General leave for the School Administrative Unit includes vacation and sick 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-L Defined Benefit Pension Plan

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

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

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1-M 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 – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the School Administrative Unit's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

1-N Net Position/Fund Balances

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

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

Restricted Net Position – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The School Administrative Unit typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future period.

Unrestricted Net Position – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

Restricted – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (School Administrative Unit Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts that are constrained by the School Administrative Unit's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Administrative Unit Board or through the Board delegating this responsibility to the Business Administrator through the budgetary process.

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

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

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1-O Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include assessing the collectability of accounts receivable and the useful lives of capital assets, net pension liability, other post-employment benefits, and deferred outflows and inflows of resources, 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 E-Rate funds. Except as reconciled below, the budget was adopted on a basis consistent with United States generally accepted accounting principles.

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2021, \$18,735 of the beginning general fund unassigned fund balance was applied for this purpose.

Expenditures:	
Per Exhibit D-1 (budgetary basis)	\$2,358,250
Adjustments:	
Basis difference:	
Encumbrances, beginning	-
Encumbrances, ending	(8,560)
Per Exhibit C-3 (GAAP basis)	<u>\$2,349,690</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School Administrative Unit's deposits are entirely covered by federal depository insurance (FDIC) 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 \$428,045 and the bank balances totaled \$522,647.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2021, consisted of accounts and intergovernmental amounts arising from amounts owed from member school districts of School Administrative Unit No. 39. 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.

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NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, consisted of the following:

	Balance, beginning	Additions	Retirements	Balance, ending
At cost:				
Buildings and building improvements	\$ 212,220	\$ -	\$ (10,788)	\$ 201,432
Software and equipment	97,246	-	(74,802)	22,444
Total capital assets being depreciated	309,466	-	(85,590)	223,876
Less accumulated depreciation:				
Buildings and building improvements	(55,483)	(9,972)	2,589	(62,866)
Software and equipment	(80,442)	(4,489)	71,465	(13,466)
Total accumulated depreciation	(135,925)	(14,461)	74,054	(76,332)
Net book value, all capital assets	\$ 173,541	\$ (14,461)	\$ (11,536)	\$ 147,544

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

Support services:	
General administration	\$ 4,489
Operation and maintenance of plant	9,972
Total depreciation expense	<u>\$ 14,461</u>

NOTE 6 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$3,550 at June 30, 2021, consist of amounts due to member school districts for food service reimbursements for the month of June.

NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2021, consist of amounts related to pensions totaling \$744,498 and amounts related to OPEB totaling \$27,250. For further discussion on these amounts, see Notes 9 and 10, respectively.

Deferred inflows of resources at June 30, 2021, consist of the following:

	Governmental Activities	General Fund
Amounts related to pensions, see Note 9	\$ 170,748	\$ -
Amounts related to OPEB, see Note 10	23,972	-
Amounts received in advance of eligible expenditures being made	1,533	1,533
Total deferred inflows of resources	<u>\$ 196,253</u>	<u>\$ 1,533</u>

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, 2021:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Compensated absences	\$ 123,364	\$ -	\$ (16,450)	\$ 106,914
Pension related liability	1,463,437	774,342	-	2,237,779
Net other postemployment benefits	152,930	46,009	-	198,939
Total long-term liabilities	<u>\$ 1,739,731</u>	<u>\$ 820,351</u>	<u>\$ (16,450)</u>	<u>\$ 2,543,632</u>

Entire balance at June 30, 2021 is considered to be due in more than one year.

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

Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by 1/1/12 the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

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

Contributions – The System is financed by contributions from both the employees and the School 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 2021, the School Administrative Unit contributed 15.99% for teachers and 10.88% for other employees. The contribution requirement for the fiscal year 2021 was \$150,958, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the School Administrative Unit reported a liability of \$2,237,779 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The School Administrative Unit's proportion of the net pension liability was based on a projection of the School Administrative Unit's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the School Administrative Unit's proportion was 0.03% which was the same as its proportion measured as of June 30, 2019.

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For the year ended June 30, 2021, the School Administrative Unit recognized pension expense of \$291,130. At June 30, 2021, the School Administrative Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 173,339	\$ 146,721
Net difference between projected and actual investment earnings on pension plan investments	138,409	-
Changes in assumptions	221,361	-
Differences between expected and actual experience	60,431	24,027
Contributions subsequent to the measurement date	150,958	-
Total	<u>\$ 744,498</u>	<u>\$ 170,748</u>

The \$150,958 reported as deferred outflows of resources related to pensions results from the School Administrative Unit contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2021	\$ 50,869
2022	91,030
2023	136,061
2024	144,832
Thereafter	-
Totals	<u>\$ 422,792</u>

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

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

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

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

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

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

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

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

Sensitivity of the School 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, 2020	\$ 2,897,012	\$ 2,237,779	\$ 1,699,097

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

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

10-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2019 Comprehensive Annual Financial Report, which can be found on the system's website at www.nhrs.org.

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

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

Maximum medical subsidy rates paid during fiscal year 2019 were as follows:

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

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

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the 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 2020, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2021, the School Administrative Unit contributed 1.81% for teachers and 0.29% for other employees. The contribution requirement for the fiscal year 2021 was \$7,231, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2021, the School Administrative Unit reported a liability of \$78,136 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The School Administrative Unit's proportion of the net OPEB liability was based on a projection of the School Administrative Unit's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the School Administrative Unit's proportion was 0.02% which was an increase of 0.01% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School Administrative Unit recognized OPEB expense of \$45,267. At June 30, 2021, the School Administrative Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 5,455	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	292	-
Changes in assumptions	502	-
Differences between expected and actual experience	-	226
Contributions subsequent to the measurement date	7,231	-
Total	<u>\$ 13,480</u>	<u>\$ 226</u>

SCHOOL ADMINISTRATIVE UNIT NO. 39
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The \$7,231 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2021	\$ 5,753
2022	87
2023	103
2024	80
Thereafter	-
Totals	<u>\$ 6,023</u>

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

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

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

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

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

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

SCHOOL ADMINISTRATIVE UNIT NO. 39
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2020, was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity of the School 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 Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 84,848	\$ 78,136	\$ 72,309

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

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

10-B Retiree Health Benefit Program

Plan Description – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time. The School Administrative Unit OPEB plan is not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

The total OPEB liability is based on the School Administrative Unit offering retirees post-employment healthcare insurance governed by RSA 100-A:50. The retirees pay 100% of the premium cost to participate and are included in the same pool as the active members. The inclusion of the retirees in the same pool effects the insurance rates of the active employees as the rates for the retirees are assumed to be higher due to the age consideration, thereby creating an implicit rate subsidy.

Funding Policy – The School Administrative Unit’s funding policy for the implicit rate subsidy is a pay-as-you-go basis.

Benefits Provided – The School Administrative Unit provides postemployment healthcare benefits for certain eligible retirees. The School Administrative Unit provides medical benefits to its eligible retirees. The benefits are provided through HealthTrust.

Employees Covered by Benefit Terms – At July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	13
Total participants covered by OPEB plan	15

SCHOOL ADMINISTRATIVE UNIT NO. 39
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Total OPEB Liability – The School Administrative Unit’s total OPEB liability of \$120,803 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019. The School Administrative Unit contract with an outside actuary to complete the actuarial valuation and schedule of changes in the total OPEB liability. Detailed information can be found in the separately issued report through request of the School Administrative Unit business office.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$120,803 in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	2.21%
Healthcare Cost Trend Rates:	
Current Year Trend	2.20%
Second Year Trend	9.50%
Decrement	0.50%
Ultimate Trend	5.00%
Year Ultimate Trend is Reached	2030
Salary Increases:	2.00%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of June 30, 2020.

Mortality rates were based on SOA RP-2014 Total Dataset Mortality with Scale MP-2019 (Base Year 2006).

Changes in the Total OPEB Liability

	June 30,	
	2020	2021
Total OPEB liability beginning of year	\$ 138,166	\$ 118,500
Changes for the year:		
Service cost	8,926	9,123
Interest	2,468	2,516
Assumption changes and difference between actual and expected experience	(21,926)	-
Benefit payments	(9,134)	(9,336)
Total OPEB liability end of year	<u>\$ 118,500</u>	<u>\$ 120,803</u>

Sensitivity of the School Administrative Unit’s OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB Liability, prepared using a discount rate of 2.21%, as well as what the total OPEB Liability would be if it were prepared using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Discount Rate		
	1% Decrease	Baseline 2.21%	1% Increase
Total OPEB Liability	<u>\$ 128,732</u>	<u>\$ 120,803</u>	<u>\$ 112,791</u>

Sensitivity of the School Administrative Unit’s OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB Liability, prepared using the trend rate of 2.20%, as well as what the total OPEB Liability would be if it were prepared using the trend rate that is one percentage point lower or one percentage point higher than the current rate:

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 2.20%	1% Increase
Total OPEB Liability	<u>\$ 106,087</u>	<u>\$ 120,803</u>	<u>\$ 137,579</u>

SCHOOL ADMINISTRATIVE UNIT NO. 39
NOTES TO THE BASIC FINANCIAL STATEMENTS
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OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the School Administrative Unit recognized OPEB expense of \$18,232. At June 30, 2021, the School Administrative Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 13,770	\$ -
Differences between expected and actual experience	-	23,746
Total	<u>\$ 13,770</u>	<u>\$ 23,746</u>

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

Fiscal Year Ending June 30,	
2022	\$ (5,975)
2023	(4,001)
Thereafter	-
Totals	<u>\$ (9,976)</u>

NOTE 11 - ENCUMBRANCES

Encumbrances outstanding at June 30, 2021, are as follows:

Support services:	
Operation and maintenance of plant	<u>\$ 8,560</u>

NOTE 12 – GOVERNMENTAL ACTIVITIES NET POSITION

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

	Governmental Activities
Net investment in capital assets:	
Net book value of all capital assets	\$ 147,544
Restricted net position:	
Restricted for Brick School improvements	28,493
Unrestricted	(1,608,427)
Total net position	<u>\$ (1,432,390)</u>

None of the net position is restricted by enabling legislation.

SCHOOL ADMINISTRATIVE UNIT NO. 39
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

NOTE 13 – GOVERNMENTAL FUND BALANCES

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

	General Fund	E-Rate Fund	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 821	\$ -	\$ 821
Restricted:			
Brick School improvements	28,493	-	28,493
Committed:			
Special revenue	-	58,637	58,637
Assigned:			
Encumbrances	8,560	-	8,560
Unassigned:	290,159	-	290,159
Total governmental fund balances	<u>\$ 328,033</u>	<u>\$ 58,637</u>	<u>\$ 386,670</u>

NOTE 14 – 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 2021, the School Administrative Unit was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2020, to June 30, 2021 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2020-21 the School Administrative Unit paid \$5,370 and \$5,061, respectively, to Primex for workers' compensation and property/liability. At this time, Primex³ 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 15 – 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 25, 2022, the date the June 30, 2021, financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT E
SCHOOL ADMINISTRATIVE UNIT NO. 39
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, 2021
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
School Administrative Unit's:								
Proportion of the net pension liability	0.04%	0.04%	0.04%	0.04%	0.04%	0.03%	0.03%	0.03%
Proportionate share of the net pension liability	\$ 1,861,450	\$ 1,547,951	\$ 1,541,028	\$ 2,002,776	\$ 1,839,673	\$ 1,590,372	\$ 1,463,437	\$ 2,237,779
Covered payroll (as of the measurement date)	\$ 1,268,235	\$ 1,281,510	\$ 1,275,719	\$ 1,258,053	\$ 1,251,726	\$ 1,111,555	\$ 1,194,572	\$ 1,194,572
Proportionate share of the net pension liability as a percentage of its covered payroll	146.77%	120.79%	120.80%	159.20%	146.97%	143.08%	122.51%	187.33%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%

EXHIBIT F
SCHOOL ADMINISTRATIVE UNIT NO. 39
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, 2021
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Contractually required contribution	\$ 107,546	\$ 133,790	\$ 130,504	\$ 134,864	\$ 137,038	\$ 139,596	\$ 132,358	\$ 150,958
Contributions in relation to the contractually required contributions	107,546	133,790	130,504	134,864	137,038	139,596	132,358	150,958
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School Administrative Unit's covered payroll (as of the fiscal year)	\$1,268,235	\$1,281,510	\$1,275,719	\$1,258,053	\$1,251,726	\$1,111,555	\$1,194,572	\$1,278,607
Contributions as a percentage of covered payroll	8.48%	10.44%	10.23%	10.72%	10.95%	12.56%	11.08%	12.64%

SCHOOL ADMINISTRATIVE UNIT NO. 39
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits E and F represent the actuarial determined costs associated with the School Administrative Unit's pension plan at June 30, 2021. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The following assumptions were changed in the current year:

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	20 years beginning July 1, 2019 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.0% per year
Wage Inflation	2.755% per year (2.25% for Teachers) in the 2007 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	6.75% per year, net of investment expenses including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

Other Information:

Notes	The board has adopted new assumptions based on the 2015-2019 experience study effective for employer contributions in the 2022-23 biennium.
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EXHIBIT G
SCHOOL ADMINISTRATIVE UNIT NO. 39
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, 2021
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
School Administrative Unit's:					
Proportion of the net OPEB liability	0.01%	0.01%	0.01%	0.01%	0.02%
Proportionate share of the net OPEB liability (asset)	\$ 32,076	\$ 30,179	\$ 41,620	\$ 34,430	\$ 78,136
Covered payroll (as of the measurement date)	\$1,258,053	\$1,251,726	\$1,111,555	\$1,194,572	\$1,194,572
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	2.55%	2.41%	3.74%	2.88%	6.54%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%

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

EXHIBIT H
SCHOOL ADMINISTRATIVE UNIT NO. 39
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, 2021
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Contractually required contribution	\$ 3,850	\$ 3,912	\$ 4,021	\$ 3,584	\$ 7,231
Contributions in relation to the contractually required contribution	3,850	3,912	4,021	3,584	7,231
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School Administrative Unit's covered payroll (as of the fiscal year)	\$1,258,053	\$1,251,726	\$1,111,555	\$1,194,572	\$1,278,607
Contributions as a percentage of covered payroll	0.31%	0.31%	0.36%	0.30%	0.61%

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

EXHIBIT I
SCHOOL ADMINISTRATIVE UNIT NO. 39

Schedule of Changes in the School Administrative Unit's Total Other Postemployment Benefits Liability and Related Ratios
For the Fiscal Year Ended June 30, 2021

Unaudited

	June 30,				
	2017	2018	2019	2020	2021
OPEB liability, beginning of year	\$ 47,406	\$ 128,495	\$ 133,396	\$ 138,166	\$ 118,500
Changes for the year:					
Service cost	5,713	7,184	7,328	8,926	9,123
Interest	1,896	4,481	4,650	2,468	2,516
Changes to benefit terms	-	-	-	-	-
Assumption changes and difference between actual and expected experience	102,172	(115)	(220)	(21,926)	-
Change in actuarial cost method	(28,692)	-	-	-	-
Benefit payments	-	(6,649)	(6,988)	(9,134)	(9,336)
OPEB liability, end of year	<u>\$ 128,495</u>	<u>\$ 133,396</u>	<u>\$ 138,166</u>	<u>\$ 118,500</u>	<u>\$ 120,803</u>
Covered payroll	<u>\$ 1,327,258</u>	<u>\$ 1,150,510</u>	<u>\$ 1,173,520</u>	<u>\$ 1,046,440</u>	<u>\$ 1,067,369</u>
Total OPEB liability as a percentage of covered payroll	9.68%	11.59%	11.77%	11.32%	11.32%

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

SCHOOL ADMINISTRATIVE UNIT NO. 39
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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

As required by GASB Statement No. 75, Exhibits G and H represent the actuarial determined costs associated with the School Administrative Unit's other postemployment benefits at June 30, 2021. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The following assumptions were changed in the current year:

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

Methods and Assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.0% per year
Wage Inflation	2.75% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Funding Discount Rate	3.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.
Health Care Trend Rates	Not applicable, given that benefits are fixed stipends.
Aging Factors	Not applicable, given that the benefits are fixed stipends.

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

As required by GASB Statement No. 75, Exhibit I represents the actuarial determined costs associated with the School Administrative Unit's other postemployment benefits at June 30, 2021. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
SCHOOL ADMINISTRATIVE UNIT NO. 39
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	Estimated	Actual	Variance Positive
Member districts' assessments:			
Current appropriation	\$ 2,514,622	\$ 2,514,622	\$ -
Other local sources:			
Investment earnings	-	393	393
Miscellaneous	112	14,478	14,366
Total from other local sources	112	14,871	14,759
Total revenues	2,514,734	\$ 2,529,493	\$ 14,759
Use of fund balance to reduce school district assessment	18,735		
Total revenues and use of fund balance	\$ 2,533,469		

SCHEDULE 2
SCHOOL ADMINISTRATIVE UNIT NO. 39
Major General Fund
Schedule of Appropriations and Expenditures (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Encumbered to Subsequent Year</u>	<u>Variance Positive</u>
Current:				
Instruction:				
Special programs	<u>\$ 310,242</u>	<u>\$ 226,551</u>	<u>\$ -</u>	<u>\$ 83,691</u>
Support services:				
Executive administration	818,917	818,484	-	433
Business	719,255	697,408	-	21,847
Operation and maintenance of plant	209,448	190,663	8,560	10,225
Other	364,931	311,992	-	52,939
Total support services	<u>2,112,551</u>	<u>2,018,547</u>	<u>8,560</u>	<u>85,444</u>
Noninstructional	<u>110,676</u>	<u>104,592</u>	<u>-</u>	<u>6,084</u>
Total appropriations and expenditures	<u>\$ 2,533,469</u>	<u>\$ 2,349,690</u>	<u>\$ 8,560</u>	<u>\$ 175,219</u>

SCHEDULE 3
SCHOOL ADMINISTRATIVE UNIT NO. 39
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

Unassigned fund balance, beginning		\$ 121,006
Changes:		
Unassigned fund balance used to reduce school district assessment		(18,735)
2020-2021 Budget summary:		
Revenue surplus (Schedule 1)	\$ 14,759	
Unexpended balance of appropriations (Schedule 2)	<u>175,219</u>	
2020-2021 Budget surplus		189,978
Decrease in nonspendable fund balance		310
Increase in restricted fund balance		<u>(2,400)</u>
Unassigned fund balance, ending		<u><u>\$ 290,159</u></u>