

SCHOOL ADMINISTRATIVE UNIT #39

Financial Statements

June 30, 2023

and

Independent Auditor's Report

SCHOOL ADMINISTRATIVE UNIT #39
FINANCIAL STATEMENTS
June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the SAU Board
School Administrative Unit #39
Amherst, New Hampshire

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of School Administrative Unit #39 (the "SAU"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School Administrative Unit #39's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of School Administrative Unit #39, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 #39, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the School Administrative Unit #39's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of School Administrative Unit #39'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 #39'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 management's discussion and analysis, budgetary comparison information, schedule of changes in the SAU's proportionate share of the net OPEB liability, schedule of SAU OPEB contributions, schedule of changes in the SAU's total OPEB liability and related ratios, schedule of changes in the SAU's proportionate share of the net pension liability, and schedule of SAU pension contributions, be presented to supplement the basic financial statements. 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 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.

Vashon Clukay & Company PC

Manchester, New Hampshire
February 13, 2024

**SCHOOL ADMINISTRATIVE UNIT #39
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

Presented herewith please find the Management Discussion & Analysis Report for School Administrative Unit #39 (the SAU) for the fiscal year ending June 30, 2023. The responsibility for accuracy of the data, the completeness and fairness of this documentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material aspects. This report and its content have been designed to fairly present the SAU's financial position, including the results of operations of all the funds of the SAU. All the disclosures necessary to enable and to assist the reader in acquiring an accurate understanding of the SAU's financial activities have been included.

The SAU is responsible for establishing accounting and internal control structures 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.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the SAU using the integrated approach as prescribed by GASB Statement 34.

This discussion and analysis is intended to serve as an introduction to the SAU's financial statements. The basic financial statements are comprised of the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the SAU's finances, in a manner similar to most private-sector companies.

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

The Statement of Activities presents information showing how the SAU's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain the control over resources that have been segregated for specific activities or objectives. The SAU uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. All the funds of the SAU are included in one category, governmental funds.

**SCHOOL ADMINISTRATIVE UNIT #39
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

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 expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the SAU'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 for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, our readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental activities Statement of Net Position and Statement of Activities.

The SAU maintains two individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and E-Rate Fund.

The SAU adopts an annual appropriation budget for its governmental funds. A budgetary comparison has been provided for the General Fund to demonstrate compliance with this budget.

Notes to the Basic 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 certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Financial Highlights

As of the close of the fiscal year, total assets and deferred outflows of resources were exceeded by total liabilities and deferred inflows of resources by (\$1,398,342) (i.e., net position), a decrease of (\$67,958) from the previous fiscal year.

Governmental funds reported combined ending fund balances of \$327,761, a decrease of (\$29,016) from the previous year.

The General Fund shows an ending fund balance of \$273,871, a decrease of (\$24,048) from the previous year.

The E-Rate Fund shows an ending fund balance of \$53,890, a decrease of (\$4,968) from the previous year.

**SCHOOL ADMINISTRATIVE UNIT #39
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

Government-Wide Financial Analysis

Statement of Net Position for the fiscal years ending June 30, 2023 and 2022:

	<u>FY 2023</u>	<u>FY 2022</u>
Capital and other assets:		
Capital assets, net	\$ 119,486	\$ 133,515
Other assets	<u>618,751</u>	<u>445,529</u>
Total Assets	<u>738,237</u>	<u>579,044</u>
 Total Deferred Outflows of Resources	 <u>773,417</u>	 <u>555,153</u>
Long-term and other liabilities:		
Long-term liabilities	2,502,521	1,747,356
Other liabilities	<u>290,990</u>	<u>88,752</u>
Total Liabilities	<u>2,793,511</u>	<u>1,836,108</u>
 Total Deferred Inflows of Resources	 <u>116,485</u>	 <u>628,473</u>
Net Position:		
Net investment in capital assets	119,486	133,515
Restricted	30,293	29,883
Unrestricted (Deficit)	<u>(1,548,121)</u>	<u>(1,493,782)</u>
Total Net Position	<u>\$ (1,398,342)</u>	<u>\$ (1,330,384)</u>

Statement of Activities for the fiscal years ending June 30, 2023 and 2022:

	<u>FY 2023</u>	<u>FY 2022</u>
General revenues:		
Member assessments	\$ 2,722,866	\$ 2,580,822
Interest income	9,154	605
Miscellaneous	<u>18,080</u>	<u>46,804</u>
Total General revenues	<u>2,750,100</u>	<u>2,628,231</u>
Total Revenues	<u>2,750,100</u>	<u>2,628,231</u>
Expenses:		
Instruction	411,239	223,550
Executive administration	667,740	781,832
Business	664,041	626,580
Operation and maintenance of plant	238,173	201,779
Central services	724,611	578,960
Food service	<u>112,254</u>	<u>113,524</u>
Total Expenses	<u>2,818,058</u>	<u>2,526,225</u>
Change in net position	(67,958)	102,006
Net position (deficit), beginning of year	<u>(1,330,384)</u>	<u>(1,432,390)</u>
Net position (deficit), end of year	<u>\$ (1,398,342)</u>	<u>\$ (1,330,384)</u>

**SCHOOL ADMINISTRATIVE UNIT #39
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

Financial Analysis

Government-Wide

As noted in the above, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was a deficit of (\$1,398,342), a change of (\$67,958) from the previous year. See page 6 of the Basic Financial Statements for a detailed reconciliation between the government-wide and fund financial statements change in net position.

A significant portion of net position, \$119,486, reflects our investment in capital assets (e.g., buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding (none at fiscal year end). These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay any outstanding debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. It should be noted that the SAU does not have any outstanding debt as of the current fiscal year end.

The SAU has restricted net position in the amount of \$30,293, which is held for brick school improvements. The significant deficit unrestricted net position balance at year end (\$1,548,121) is the result of GASB Statements #68 and #75, whereby the SAU has recorded a liability and related deferred outflows of resources and deferred inflows of resources for its proportionate share of the State of New Hampshire Retirement System's unfunded pension and OPEB liabilities. Additionally, the SAU has reported a liability and related deferred outflows of resources and deferred inflows of resources for its single employer OPEB. The single employer OPEB is the result of the SAU having blended premium rates for insurance for all of its employees.

Governmental Funds

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

As of June 30, 2023, Total Governmental Funds reported combined ending fund balances of \$327,761, a net change of (\$29,016) in comparison with the previous year.

Fund Balances for the SAU may fall into one of the five following classifications – Nonspendable, Restricted, Committed, Assigned and Unassigned.

The SAU's General Fund includes nonspendable fund balance of \$1,216 for prepaid items and restricted fund balance of \$30,293 for Brick School Improvements, committed fund balance of \$74,997 was designated to reduce the fiscal year 2024 member assessments. The remaining balance of \$167,365 is unassigned.

The E-Rate Fund includes a Committed Fund Balance of \$53,890 for information technology services and equipment. Please see Note 8 of the Notes to Basic Financial Statements for additional information on components of fund balance.

**SCHOOL ADMINISTRATIVE UNIT #39
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

General Fund Budgetary Highlights

Budgetary information for the major governmental funds (General Fund only, see below) is included in the Required Supplementary Information section following the notes to the financial statements. Budgetary information is not presented for the E-Rate Fund, as it is neither practical nor meaningful.

Actual revenues on the budgetary basis exceeded the budgeted amounts by \$9,764. A significant portion of this difference is due to interest income. Actual expenditures on the budgetary basis were \$160,618 lower than expected. Savings were realized in all areas of operation. See Schedule on page 26 for additional budgetary comparison information.

Capital Assets

The SAU considers a capital asset to be an asset whose cost equals or exceeds \$20,000 and has a useful life of greater than five years. Assets are depreciated using the straight-line method over the course of their useful life. During the current year, the SAU did not acquire any capital assets and incurred depreciation expense of \$14,029, resulting in a net decrease in capital assets of (\$14,029). See Note 3 in the notes to the basic financial statements for additional information on the capital assets activity.

Long-Term Obligations

During the current year, compensated absences payable had a net increase in potential future payments of \$14,426. The liabilities for other postemployment benefits and pension had a net increases in potential future payments of \$18,528 and \$722,211, respectively. See Notes 4, 5 and 6 in the Notes to the Basic Financial Statements for additional information on the SAU's long-term obligations.

Contacting SAU's Financial Management

This financial report serves to provide our citizens and creditors with a general overview of the SAU's finances and to show accountability for the money it receives. If you have questions about this report or need to get additional information, contact SAU #39 Business Office at 1 School Street – PO Box 849, Amherst, NH 03031-0849.

EXHIBIT A
SCHOOL ADMINISTRATIVE UNIT #39
Statement of Net Position
June 30, 2023

	Governmental <u>Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 569,932
Due from other governments	47,603
Prepaid expenses	<u>1,216</u>
Total Current Assets	<u>618,751</u>
Noncurrent assets:	
Capital assets:	
Depreciable capital assets, net	<u>119,486</u>
Total Noncurrent Assets	<u>119,486</u>
Total Assets	<u>738,237</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	9,211
Deferred outflows related to pension	<u>764,206</u>
Total Deferred Outflows of Resources	<u>773,417</u>
LIABILITIES	
Current liabilities:	
Accounts payable	32,203
Accrued liabilities	74,384
Due to other governments	183,206
Advances from grantors	1,197
Current portion of compensated absences payable	<u>30,980</u>
Total Current Liabilities	<u>321,970</u>
Noncurrent liabilities:	
Compensated absences payable	121,690
OPEB liability	172,001
Net pension liability	<u>2,177,850</u>
Total Noncurrent Liabilities	<u>2,471,541</u>
Total Liabilities	<u>2,793,511</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB	21,706
Deferred inflows related to pension	<u>94,779</u>
Total Deferred Inflows of Resources	<u>116,485</u>
NET POSITION	
Net investment in capital assets	119,486
Restricted for:	
Brick school improvements	30,293
Unrestricted (Deficit)	<u>(1,548,121)</u>
Total Net Position	<u>\$ (1,398,342)</u>

See accompanying notes to the basic financial statements

EXHIBIT B
SCHOOL ADMINISTRATIVE UNIT #39
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	<u>Expenses</u>	Net (Expense) Revenue and Changes in Net Position
		<u>Governmental Activities</u>
Governmental Activities:		
Instruction	\$ 411,239	\$ (411,239)
Executive administration	667,740	(667,740)
Business	664,041	(664,041)
Operation and maintenance of plant	238,173	(238,173)
Central services	724,611	(724,611)
Food service	112,254	(112,254)
Total governmental activities	<u>\$ 2,818,058</u>	<u>(2,818,058)</u>
General revenues:		
Member assessments		2,722,866
Interest income		9,154
Miscellaneous		18,080
Total general revenues		<u>2,750,100</u>
Change in net position		(67,958)
Net Position at beginning of year		<u>(1,330,384)</u>
Net Position at end of year		<u>\$ (1,398,342)</u>

See accompanying notes to the basic financial statements

EXHIBIT C
SCHOOL ADMINISTRATIVE UNIT #39
Balance Sheet
Governmental Funds
June 30, 2023

	General <u>Fund</u>	E-Rate <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 569,932		\$ 569,932
Due from other governments	47,603		47,603
Due from other funds		\$ 53,890	53,890
Prepaid items	1,216		1,216
Total Assets	<u>618,751</u>	<u>53,890</u>	<u>672,641</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 618,751</u>	<u>\$ 53,890</u>	<u>\$ 672,641</u>
LIABILITIES			
Accounts payable	\$ 32,203		\$ 32,203
Accrued liabilities	74,384		74,384
Due to other governments	183,206		183,206
Due to other funds	53,890		53,890
Advances from grantors	1,197		1,197
Total Liabilities	<u>344,880</u>	<u>\$ -</u>	<u>344,880</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	1,216		1,216
Restricted	30,293		30,293
Committed	74,997	53,890	128,887
Unassigned	167,365		167,365
Total Fund Balances	<u>273,871</u>	<u>53,890</u>	<u>327,761</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 618,751</u>	<u>\$ 53,890</u>	<u>\$ 672,641</u>

See accompanying notes to the basic financial statements

EXHIBIT C-1
SCHOOL ADMINISTRATIVE UNIT #39
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2023

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 327,761
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	119,486
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources related to OPEB liability	9,211
Deferred outflows of resources related to net pension liability	764,206
Deferred inflows of resources related to OPEB liability	(21,706)
Deferred inflows of resources related to net pension liability	(94,779)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Long-term liabilities at year end consist of:	
Compensated absences payable	(152,670)
OPEB liability	(172,001)
Net pension liability	<u>(2,177,850)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ (1,398,342)</u>

See accompanying notes to the basic financial statements

EXHIBIT D
SCHOOL ADMINISTRATIVE UNIT #39
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General <u>Fund</u>	E-Rate <u>Fund</u>	Total Governmental <u>Funds</u>
Revenues:			
Member assessments	\$ 2,722,866		\$ 2,722,866
Interest income	9,154		9,154
Miscellaneous	<u>4,441</u>	\$ 13,639	<u>18,080</u>
Total Revenues	<u>2,736,461</u>	<u>13,639</u>	<u>2,750,100</u>
Expenditures:			
Current operations:			
Instruction	398,659		398,659
Executive administration	668,760		668,760
Business	653,200		653,200
Operation and maintenance of plant	224,438		224,438
Central services	705,551	18,607	724,158
Food service	<u>109,901</u>		<u>109,901</u>
Total Expenditures	<u>2,760,509</u>	<u>18,607</u>	<u>2,779,116</u>
Net change in fund balances	(24,048)	(4,968)	(29,016)
Fund Balance at beginning of year	<u>297,919</u>	<u>58,858</u>	<u>356,777</u>
Fund Balance at end of year	<u>\$ 273,871</u>	<u>\$ 53,890</u>	<u>\$ 327,761</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1
SCHOOL ADMINISTRATIVE UNIT #39
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ (29,016)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays and depreciation expense in the current period are as follows:

Depreciation expense	(14,029)
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Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(14,426)

Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.

Net changes in OPEB	(4,762)
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Net changes in pension	<u>(5,725)</u>
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Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ (67,958)</u>
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SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of School Administrative Unit #39 conform to accounting principles generally accepted in the United States of America for local educational units of government, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

School Administrative Unit #39 (the SAU) is an independent governmental entity organized under the laws of the State of New Hampshire to provide public school administrative services to the Amherst School District, Mont Vernon School District, and Souhegan Cooperative School District. The SAU's legislative body consists of School Board members from the member Districts.

The SAU has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The SAU's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the SAU as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental activities of the SAU at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the SAU's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the SAU. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the SAU.

2. Fund Financial Statements:

During the year, the SAU segregates transactions related to certain SAU functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the SAU at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

Fund Accounting

The SAU uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The SAU solely employs the use of governmental funds.

Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following are the SAU's major governmental funds:

The *General Fund* is the main operating fund of the SAU and is used to account for all financial resources except those required to be accounted for in another fund.

The *E-Rate Fund* is used to account for the financial resources related to various revenues and expenditures with respect to information technology equipment and services provided through the SAU to its member districts.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the SAU are included on the Statement of Net Position.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the SAU, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the SAU receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the SAU must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the SAU on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: interest and grants.

Grants received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred inflows of resources.

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The SAU's budget represents functional appropriations as authorized by SAU Board meetings. The SAU's board may transfer funds between operating categories as they deem necessary. The SAU adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but allows the use of beginning fund balance to reduce the member assessments. For the year ended June 30, 2023, the SAU applied \$187,580 of its unappropriated fund balance to reduce member assessments.

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The SAU maintains a capitalization threshold of \$20,000. The SAU does not possess any infrastructure or intangible assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Years</u>
Buildings and improvements	20-25
Software and equipment	5

Compensated Absences

Employees earn vacation and sick leave based on years of employment. SAU employees may accumulate (subject to certain limitations) unused vacation and sick pay earned and upon severance of employment, will be compensated for such amounts at current rates of pay. Staff and administrators are allowed to carry no more than 10 unused vacation days into the next year. The Superintendent is allowed to carry up to 25 unused vacation days into the next year.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absences liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net 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 (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose,

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the SAU or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The SAU's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Policy

The SAU has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- *Nonspendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance*: Amounts that can only be spent for specific purposes stipulated by external resource providers or by enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or the enabling legislation.
- *Committed Fund Balance*: Amounts that can be used only for specific purposes determined by a formal action of the SAU's highest level of decision making authority (the Annual Meeting). Commitments may be changed or lifted only by taking the same formal action that imposed the constraint originally. The action must be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.
- *Assigned Fund Balance*: Amounts the SAU intends to use for a specific purpose; intent can be expressed by the School Board or by an official or body to which the School Board delegates the authority.

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

- *Unassigned Fund Balance*: Amounts that are available for any purpose; these amounts are reported only in the General Fund, with the exception of any deficit fund balance of another governmental fund.

Spending Prioritizations

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2—DEPOSITS

Deposits as of June 30, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	<u>\$ 569,932</u>

Deposits at June 30, 2023 consist of the following:

Deposits with financial institutions	<u>\$ 569,932</u>
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The School Administrative Unit's investment policy for its governmental funds requires that deposits and investments be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The SAU's deposits with financial institutions consist solely of demand deposits.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the SAU's deposits may not be returned to it. The SAU's investment policy stipulates that all deposits and investments be covered by federal depository insurance, with all balances in excess of FDIC insurance limits collateralized.

Of the SAU's deposits with financial institutions at year end, \$371,134 was collateralized by securities held by the bank in the bank's name.

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

NOTE 3—CAPITAL ASSETS

The following is a summary of changes in capital assets of the governmental activities:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Capital assets:				
Buildings and improvements	\$ 201,432			\$ 201,432
Software and equipment	22,444			22,444
Total capital assets at historical cost	<u>223,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>223,876</u>
Less accumulated depreciation for:				
Buildings and improvements	(72,406)	(9,540)		(81,946)
Software and equipment	<u>(17,955)</u>	<u>(4,489)</u>		<u>(22,444)</u>
Total accumulated depreciation	<u>(90,361)</u>	<u>(14,029)</u>	<u>-</u>	<u>(104,390)</u>
Total capital assets, net	<u>\$ 133,515</u>	<u>\$ (14,029)</u>	<u>\$ -</u>	<u>\$ 119,486</u>

Depreciation expense was charged to governmental functions as follows:

Business	\$ 4,489
Operation and maintenance of plant	9,540
	<u>\$ 14,029</u>

NOTE 4—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

Changes in the long-term obligations of the governmental activities for the year ended June 30, 2023 are as follows:

Type	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Compensated absences payable	<u>\$ 138,244</u>	<u>\$ 42,607</u>	<u>\$ (28,181)</u>	<u>\$ 152,670</u>	<u>\$ 30,980</u>

Payments on compensated absences will be paid from the General Fund.

NOTE 5—OTHER POSTEMPLOYMENT BENEFITS

Total OPEB Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and OPEB Expense

	Deferred Outflows	OPEB Liability	Deferred Inflows	OPEB Expense
Cost-Sharing Multiple Employer Plan	\$ 9,211	\$ 69,306		\$ 15,724
Single Employer Plan		102,695	\$ 21,706	(67)
Total	<u>\$ 9,211</u>	<u>\$ 172,001</u>	<u>\$ 21,706</u>	<u>\$ 15,657</u>

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as a decrease to unrestricted net position in the amount of \$12,495.

COST-SHARING MULTIPLE EMPLOYER PLAN

Plan Description

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

The OPEB Plan is divided into four membership types. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. The OPEB plan is closed to new entrants.

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 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. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two-person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two-person plan.

Funding Policy

Per RSA-100:16-A:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The SAU's contribution rates for the covered payroll of teachers and employees were 1.54% and 0.31%, respectively, for the year ended June 30, 2023. Contributions to the OPEB plan for the SAU were \$9,022 for the year ended June 30, 2023. Employees are not required to contribute to the OPEB plan.

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the SAU reported a liability of \$69,306 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 a roll forward of the actuarial valuation from June 30, 2021. The SAU's proportion of the net OPEB liability was based on actual contributions by the SAU during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2022, the SAU's proportion was approximately 0.0183 percent, which was an increase of approximately 0.0033 percentage points from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the SAU recognized OPEB expense of \$15,724. At June 30, 2023, the SAU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ 189	
SAU contributions subsequent to the measurement date	<u>9,022</u>	
Totals	<u>\$ 9,211</u>	<u>\$ -</u>

The SAU reported \$9,022 as deferred outflows of resources related to OPEB resulting from SAU contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

<u>June 30,</u>	
2023	\$ 31
2024	8
2025	(75)
2026	<u>225</u>
	<u>\$ 189</u>

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.40%, average, including inflation
Investment rate of return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

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.

The long-term expected rate of return on OPEB Plan investments 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 rates 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 geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Public Equity	50%	7.60-7.90%
Private Market Equity	20%	6.60-8.85%
Private Debt	5%	7.25%
Fixed Income	25%	3.60%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and RSA 100-A:53. 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.

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

Sensitivity of the SAU's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the SAU's proportionate share of the net OPEB liability calculated using the discount rate of 6.75 percent, as well as what the SAU's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability	\$ 75,244	\$ 69,306	\$ 64,135

SINGLE EMPLOYER PLAN

Plan Description

The SAU administers the retiree health care benefits program, a single employer defined benefits plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The SAU provides postemployment medical benefits to its eligible retirees and their spouses. The benefits are provided through fully insured plans that are sponsored by a state-wide health insurance consortium. Employees hired before July 1, 2011 must meet one of the following eligibility requirements: age 60 or older with no minimum service requirement, age 50 with 10 years of service, or age plus service equals 70 with a minimum of 20 years of service. Employees hired on or after July 1, 2011 must meet the following eligibility requirements: age 65 regardless of years of creditable service, or age 60 with at least 30 years of service. Retirees and their covered spouses pay the full cost of the medical premium. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50.

Employees Covered By Benefit Terms

As of the July 1, 2021 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>15</u>
	<u>15</u>

Total OPEB Liability

The SAU's total OPEB liability of \$102,695 was measured as of June 30, 2023 and was determined by a rollforward of the actuarial valuation as of July 1, 2021.

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

Actuarial Assumptions and Other Inputs for OPEB

The total OPEB liability in the July 1, 2021 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Discount rate	3.54%
Healthcare cost trend rates	Initial rate of (1.50%), increasing to 7.00% for 2022, then decreasing to an ultimate rate of 4.24% by 2090

The discount rate was based on the Bond Buyer 20-Bond General Obligation Index based on the 20-year AA municipal bond rate as of June 30, 2022.

Mortality rates were based on the Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021 and the Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021.

Changes in the Total OPEB Liability

	Total OPEB <u>Liability</u>
Balance at June 30, 2022	\$ 93,223
Changes for the year:	
Service cost	8,076
Interest	3,267
Benefit payments	<u>(1,871)</u>
Net changes	<u>9,472</u>
Balance at June 30, 2023	<u><u>\$ 102,695</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the SAU, as well as what the SAU's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 111,354	\$ 102,695	\$ 94,502

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the SAU, as well as what the SAU's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00% percent decreasing to 3.24 percent) or 1-percentage-point higher (8.00 percent decreasing to 5.24 percent) than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 88,441	\$ 102,695	\$ 119,539

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the SAU recognized negative OPEB expense of (\$67). At June 30, 2023, the SAU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$ 5,206
Changes of assumptions		16,500
Totals	<u>\$ -</u>	<u>\$ 21,706</u>

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

<u>June 30,</u>	
2024	\$ (7,409)
2025	(7,409)
2026	(6,888)
	<u>\$ (21,706)</u>

NOTE 6—DEFINED BENEFIT PENSION PLAN

The District contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

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.

Benefits Provided

Benefit formulas and eligibility requirements for the pension plan are set by State law (RSA 100-A).

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 a 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 <u>January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
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%

Funding Policy

Plan members are required to contribute 7.0% of their covered salary and the SAU is required to contribute at an actuarially determined rate. The SAU's contribution rates for the covered payroll of teachers and employees were 19.48% and 13.75%, respectively, for the year ended June 30, 2023. The SAU contributes 100% of the employer cost for teachers and employees of the SAU.

Per RSA-100-A:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. Contributions to the pension plan for the SAU were \$231,116 for the year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the SAU reported a liability of \$2,177,850 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 a roll forward of the actuarial valuation from June 30, 2021. The SAU's proportion of the net pension liability was based on actual contributions by the SAU during the relevant fiscal year relative to the actual contributions of all participating plan members,

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2022, the SAU's proportion was approximately 0.0380 percent, which was an increase of approximately 0.0051 percentage points from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the SAU recognized pension expense of \$236,842. At June 30, 2023, the SAU reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 40,874	\$ 8,360
Net difference between projected and actual earnings on pension plan investments	82,538	
Changes of assumptions	115,844	
Changes in proportion and differences between SAU contributions and proportionate share of contributions	293,834	86,419
SAU contributions subsequent to the measurement date	<u>231,116</u>	
Totals	<u>\$ 764,206</u>	<u>\$ 94,779</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as an increase to unrestricted net position in the amount of \$669,427. The SAU reported \$231,116 as deferred outflows of resources related to pension resulting from SAU contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense for the measurement periods as follows:

<u>June 30,</u>	
2023	\$ 137,672
2024	145,729
2025	(4,712)
2026	<u>159,622</u>
	<u>\$ 438,311</u>

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions:

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.40%, 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.

The long-term expected rate of return on pension plan investments 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 rates 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 geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Public Equity	50%	7.60-7.90%
Private Market Equity	20%	6.60-8.85%
Private Debt	5%	7.25%
Fixed Income	25%	3.60%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective 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 contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

Sensitivity of the SAU's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the SAU's proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the SAU's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net pension liability	\$ 2,922,126	\$ 2,177,850	\$ 1,559,054

NOTE 7—INTERFUND BALANCES

The SAU has combined the cash resources of its governmental funds. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. At June 30, 2023, the General Fund has an interfund balance payable to the E-Rate Fund in the amount of \$53,890, for its portion of the pooled cash balance.

NOTE 8—FUND BALANCE COMPONENTS

The components of the SAU's fund balance for its governmental funds at June 30, 2023 are as follows:

	<u>General Fund</u>	<u>E-Rate Fund</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Prepaid items	\$ 1,216		\$ 1,216
Restricted for:			
Brick school improvements	30,293		30,293
Committed for:			
Information technology services and equipment		\$ 53,890	53,890
Designated to offset subsequent fiscal year member assessments	74,997		74,997
Unassigned:			
Unassigned - General operations	167,365		167,365
	<u>\$ 273,871</u>	<u>\$ 53,890</u>	<u>\$ 327,761</u>

NOTE 9—DEFINED CONTRIBUTION PLAN

The SAU contributes to the School Administrative Unit #39 403(b) Plan. The plan is considered to be a defined contribution plan and was established under Internal Revenue Code (IRC) section 403. The plan allows employees to defer income taxation on retirement savings into future years and is administered by a third party. All employees of the SAU are eligible to make contributions to the plans. The plans have no required minimum contributions for employees. Contribution rates are established pursuant to amounts stipulated in collective bargaining agreements or individual employment contracts. Employees are 100% vested upon enrollment. Contributions to the 403(b) Plan made by the plan members and the SAU for the fiscal year ended June 30, 2023 were \$107,037 and \$115,909, respectively.

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

NOTE 10—RISK MANAGEMENT

The SAU is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2023, the SAU was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at June 30, 2023.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member school districts, school administrative units, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the SAU shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member school districts, school administrative units, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 11—CONTINGENT LIABILITIES

Litigation

There may be various claims and suits pending against the SAU, which arise in the normal course of the SAU's activities. In the opinion of SAU management, any potential claims against the SAU which are not covered by insurance are immaterial and would not affect the financial position of the SAU.

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

NOTE 12—CHANGE IN ACCOUNTING PRINCIPLE

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

During the year ended June 30, 2023, the SAU implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Under Statement No. 94, the SAU is required to record a receivable for installment payments and a deferred inflow of resources for the consideration received or to be received as part of the availability payment arrangement. Governmental fund revenue would be recognized in a systematic and rational manner over the term of the arrangement. No such arrangements have been identified by the SAU. Accordingly, management has determined that the effect of implementing GASB Statement No. 94 to its financial statements to be immaterial.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. GASB Statement No. 96 defines a subscription-based information technology arrangement (SBITA) as a contract to use another party's software, alone or in combination with tangible capital assets as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, governments generally recognize a right-to-use subscription asset (intangible asset) and a corresponding subscription liability for each SBITA agreement greater than one year in length. The SAU has entered into various SBITA agreements for software. Management has evaluated its SBITA agreements and determined that the effect of implementing GASB Statement No. 96 related to such agreements is immaterial to the financial statements.

SCHEDULE 1

SCHOOL ADMINISTRATIVE UNIT #39

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budgetary Basis) - General Fund

For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget -
				Favorable
				<u>(Unfavorable)</u>
Revenues:				
Member assessments	\$ 2,722,866	\$ 2,722,866	\$ 2,722,866	\$ -
Interest income	-	-	9,154	9,154
Miscellaneous	-	2,800	3,410	610
Total Revenues	<u>2,722,866</u>	<u>2,725,666</u>	<u>2,735,430</u>	<u>9,764</u>
Expenditures:				
Current operations:				
Instruction	398,084	409,555	398,659	10,896
Executive administration	892,879	764,853	667,729	97,124
Business	682,395	677,205	653,200	24,005
Operation and maintenance of plant	224,914	237,394	217,588	19,806
Central services	594,137	710,276	705,551	4,725
Food service	118,037	113,963	109,901	4,062
Total Expenditures	<u>2,910,446</u>	<u>2,913,246</u>	<u>2,752,628</u>	<u>160,618</u>
Net change in fund balance	(187,580)	(187,580)	(17,198)	170,382
Fund Balance at beginning of year				
- Budgetary Basis	<u>291,069</u>	<u>291,069</u>	<u>291,069</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 103,489</u>	<u>\$ 103,489</u>	<u>\$ 273,871</u>	<u>\$ 170,382</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

SCHOOL ADMINISTRATIVE UNIT #39**Schedule of Changes in the SAU's Proportionate Share of the Net OPEB Liability**

For the Year Ended June 30, 2023

<u>Measurement Period Ended</u>	Cost-Sharing Multiple Employer Plan Information Only				
	<u>SAU's Proportion of the Net OPEB Liability</u>	<u>SAU's Proportionate Share of the Net OPEB Liability</u>	<u>SAU's Covered Payroll</u>	<u>SAU's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2022	0.01834049%	\$ 69,306	\$ 1,494,054	4.64%	10.64%
June 30, 2021	0.01504522%	\$ 60,250	\$ 1,278,048	4.71%	11.06%
June 30, 2020	0.01785114%	\$ 78,136	\$ 1,287,920	6.07%	7.74%
June 30, 2019	0.00785346%	\$ 34,430	\$ 1,194,572	2.88%	7.75%
June 30, 2018	0.00909050%	\$ 41,620	\$ 1,111,555	3.74%	7.53%
June 30, 2017	0.00660029%	\$ 30,179	\$ 1,251,726	2.41%	7.91%
June 30, 2016	0.00662581%	\$ 32,076	\$ 1,258,053	2.55%	5.21%
June 30, 2015	*	*	*	*	*
June 30, 2014	*	*	*	*	*
June 30, 2013	*	*	*	*	*

* 10 Year schedule, historical information not available

Significant Actuarial Assumptions					
<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2022	2.00%	5.40%	6.75%	Pub-2010	MP-2019
June 30, 2020 - 2021	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015

See accompanying notes to the required supplementary information

SCHEDULE 3
SCHOOL ADMINISTRATIVE UNIT #39
Schedule of SAU OPEB Contributions
For the Year Ended June 30, 2023

Cost-Sharing Multiple Employer Plan Information Only					
<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>SAU's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2023	\$ 9,022	\$ (9,022)	\$ -	\$ 1,536,588	0.59%
June 30, 2022	\$ 7,723	\$ (7,723)	\$ -	\$ 1,494,054	0.52%
June 30, 2021	\$ 7,230	\$ (7,230)	\$ -	\$ 1,278,048	0.57%
June 30, 2020	\$ 8,286	\$ (8,286)	\$ -	\$ 1,287,920	0.64%
June 30, 2019	\$ 3,854	\$ (3,854)	\$ -	\$ 1,194,572	0.32%
June 30, 2018	\$ 4,021	\$ (4,021)	\$ -	\$ 1,111,555	0.36%
June 30, 2017	\$ 3,912	\$ (3,912)	\$ -	\$ 1,251,726	0.31%
June 30, 2016	\$ 3,850	\$ (3,850)	\$ -	\$ 1,258,053	0.31%
June 30, 2015	*	*	*	*	*
June 30, 2014	*	*	*	*	*

* 10 Year schedule, historical information not available

See accompanying notes to the required supplementary information

SCHEDULE 4
SCHOOL ADMINISTRATIVE UNIT #39
Schedule of Changes in the SAU's Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2023

Single Employer Plan Information Only										
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total OPEB Liability:										
Service cost	\$ 8,076	\$ 7,800	\$ 9,123	\$ 8,926	\$ 7,328	\$ 7,184	*	*	*	*
Interest	3,267	2,951	2,516	2,468	4,650	4,481	*	*	*	*
Differences between expected and actual experience		(8,760)			(220)	(115)	*	*	*	*
Changes of assumptions or other inputs		(27,764)		(21,926)			*	*	*	*
Benefit payments	(1,871)	(1,807)	(9,336)	(9,134)	(6,988)	(6,649)	*	*	*	*
Net change in total OPEB liability	9,472	(27,580)	2,303	(19,666)	4,770	4,901	*	*	*	*
Total OPEB Liability at beginning of year	93,223	120,803	118,500	138,166	133,396	128,495	*	*	*	*
Total OPEB Liability at end of year	<u>\$ 102,695</u>	<u>\$ 93,223</u>	<u>\$ 120,803</u>	<u>\$ 118,500</u>	<u>\$ 138,166</u>	<u>\$ 133,396</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Covered employee payroll	\$ 1,440,987	\$ 1,372,369	\$ 1,067,369	\$ 1,046,440	\$ 1,173,520	\$ 1,150,510	*	*	*	*
Total OPEB liability as a percentage of covered employee payroll	7.13%	6.79%	11.32%	11.32%	11.77%	11.59%	*	*	*	*
Significant Actuarial Assumptions										
Discount rate	3.54%	3.54%	2.21%	2.21%	3.58%	3.58%	*	*	*	*
Health cost trend rates:										
Initial	(-1.50) - 2021	(-1.50) - 2021	2.2% - 2020	2.2% - 2020	9.5% - 2019	3.0% - 2017	*	*	*	*
Ultimate	4.24% - 2090	4.24% - 2090	5.0% - 2030	5.0% - 2030	5.0% - 2028	5.0% - 2028	*	*	*	*
Mortality data set	Pub-2010	Pub-2010	SOA RP-2014	SOA RP-2014	RP-2000	RP-2000	*	*	*	*
Mortality improvement scale	MP-2021	MP-2021	MP-2019	MP-2019	AA	AA	*	*	*	*

Note To Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75

* 10 Year schedule, historical information not available

See accompanying notes to the required supplementary information

SCHEDULE 5

SCHOOL ADMINISTRATIVE UNIT #39

Schedule of Changes in the SAU's Proportionate Share of the Net Pension Liability

For the Year Ended June 30, 2023

<u>Measurement Period Ended</u>	<u>SAU's Proportion of the Net Pension Liability</u>	<u>SAU's Proportionate Share of the Net Pension Liability</u>	<u>SAU's Covered Payroll</u>	<u>SAU's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2022	0.03796723%	\$ 2,177,850	\$ 1,494,054	145.77%	65.12%
June 30, 2021	0.03284444%	\$ 1,455,639	\$ 1,278,048	113.90%	72.22%
June 30, 2020	0.03498633%	\$ 2,237,779	\$ 1,287,920	173.75%	58.72%
June 30, 2019	0.03041443%	\$ 1,463,437	\$ 1,194,572	122.51%	65.59%
June 30, 2018	0.03302815%	\$ 1,590,372	\$ 1,111,555	143.08%	64.73%
June 30, 2017	0.03740698%	\$ 1,839,673	\$ 1,251,726	146.97%	62.66%
June 30, 2016	0.03766319%	\$ 2,002,776	\$ 1,258,053	159.20%	58.30%
June 30, 2015	0.03889985%	\$ 1,541,028	\$ 1,275,719	120.80%	65.47%
June 30, 2014	0.04123926%	\$ 1,547,951	\$ 1,281,510	120.79%	66.32%
June 30, 2013	0.04325148%	\$ 1,861,450	\$ 1,268,235	146.77%	59.81%

Significant Actuarial Assumptions

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2022	2.00%	5.40%	6.75%	Pub-2010	MP-2019
June 30, 2020 - 2021	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015
June 30, 2013 - 2015	3.00%	3.75-5.80%	7.75%	RP-2000	Scale AA

See accompanying notes to the required supplementary information

SCHEDULE 6
SCHOOL ADMINISTRATIVE UNIT #39
Schedule of SAU Pension Contributions
For the Year Ended June 30, 2023

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>SAU's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2023	\$ 231,116	\$ (231,116)	\$ -	\$ 1,536,588	15.04%
June 30, 2022	\$ 219,836	\$ (219,836)	\$ -	\$ 1,494,054	14.71%
June 30, 2021	\$ 150,897	\$ (150,897)	\$ -	\$ 1,278,048	11.81%
June 30, 2020	\$ 155,424	\$ (155,424)	\$ -	\$ 1,287,920	12.07%
June 30, 2019	\$ 132,358	\$ (132,358)	\$ -	\$ 1,194,572	11.08%
June 30, 2018	\$ 139,596	\$ (139,596)	\$ -	\$ 1,111,555	12.56%
June 30, 2017	\$ 137,038	\$ (137,038)	\$ -	\$ 1,251,726	10.95%
June 30, 2016	\$ 134,864	\$ (134,864)	\$ -	\$ 1,258,053	10.72%
June 30, 2015	\$ 130,504	\$ (130,504)	\$ -	\$ 1,275,719	10.23%
June 30, 2014	\$ 133,790	\$ (133,790)	\$ -	\$ 1,281,510	10.44%

See accompanying notes to the required supplementary information

SCHOOL ADMINISTRATIVE UNIT #39
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

General Fund

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the SAU. Those amounts may differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). General Fund budgetary revenues and expenditures were adjusted for non-budgetary activity and encumbrances as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Per Exhibit D	\$ 2,736,461	\$ 2,760,509
Non-budgetary activity	(1,031)	(1,031)
Encumbrances - June 30, 2022		(6,850)
Per Schedule 1	<u>\$ 2,735,430</u>	<u>\$ 2,752,628</u>

Major Special Revenue Fund

Budgetary information in these financial statements has been presented only for the General Fund. The budgetary information is neither practical nor meaningful for the E-Rate Fund.