

SCHOOL ADMINISTRATIVE UNIT NO. 21

ANNUAL FINANCIAL REPORT

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

SCHOOL ADMINISTRATIVE UNIT NO. 21
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

To the Members of the School Administrative Unit Board
School Administrative Unit No. 21
Hampton, New Hampshire

We have audited the accompanying financial statements of the governmental activities and major fund of School Administrative Unit No. 21 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School Administrative Unit's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 major fund of School Administrative Unit No. 21, as of June 30, 2018, and the respective changes in financial position and, the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2-C to the financial statements, in fiscal year 2018 the School Administrative Unit adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

***School Administrative Unit No. 21
Independent Auditor's Report***

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 Administrative Unit's Proportionate Share of the Net Other Postemployment Benefits Liability
- Schedule of the Administrative Unit Contributions – Other Postemployment Benefits
- Schedule of Changes in the School Administrative Unit's Total Other Postemployment Benefits Liability and Related Ratios
- 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 School Administrative Unit No. 21'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.

March 5, 2019

*Plodzik & Sanderson
Professional Association*

SCHOOL ADMINISTRATIVE UNIT #21

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018**

As management of New Hampshire School Administrative Unit (SAU) #21, we offer readers of the SAU's annual financial statements this narrative discussion and analysis of the financial activities of the SAU for the fiscal year ended June 30, 2018. This discussion and analysis is prepared in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 34 (GASBS-34).

This section is a summary of the SAU's financial activities based on currently known facts, decisions, and conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and we encourage readers to consider the information presented here in conjunction with additional information found within the body of the annual financial statements.

FINANCIAL HIGHLIGHTS

- The SAU's total net position for the year ending June 30, 2018, was (\$973,873). Net position decreased by (\$109,157), or -12.62%, between July 1, 2017 and June 30, 2018. The SAU's total net position consisted of an unrestricted net position balance of (\$975,111) and restricted net position of \$1,238.
- The SAU's total liabilities of \$1,187,731 consisted primarily of net pension liability of \$1,110,680.
 - During the year, the SAU's expenses totaled \$1,497,795, with approximately 39.25% for executive administration (\$580,929).
 - Total revenues were \$1,370,638 and consist of charges for services, operating and capital grants restricted for specific programs, and general revenues (consisting of local school districts' assessments and grants and contributions not restricted to specific programs). Local assessments generate 98.33% of the SAU's revenue.
 - The fiscal year-end balance for the general fund was categorized as follows:
 - Restricted = \$1,238
 - Assigned = \$3,058
 - Unassigned = \$96,443
 - The School Administrative Unit implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities was restated by (\$18,143) for the OPEB provided by NHRS and (\$12,593) for the SAU's local OPEB plan to retroactively report the increase/decrease in the net OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.
 - Student enrollment decreased by 26 students. Enrollment totaled 2,514 as of October 1, 2016 and 2,488 as of October 1, 2017.

SCHOOL ADMINISTRATIVE UNIT #21

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018**

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the SAU's annual financial report, which consists of basic financial statements, notes, and related financial/compliance information. Our annual financial report consists of four elements: 1) government-wide financial statements; 2) fund financial statements 3) notes to the financial statements; and 4) required supplementary information including this discussion and analysis. This report also contains other supplementary information in addition to the basic financial statements themselves.

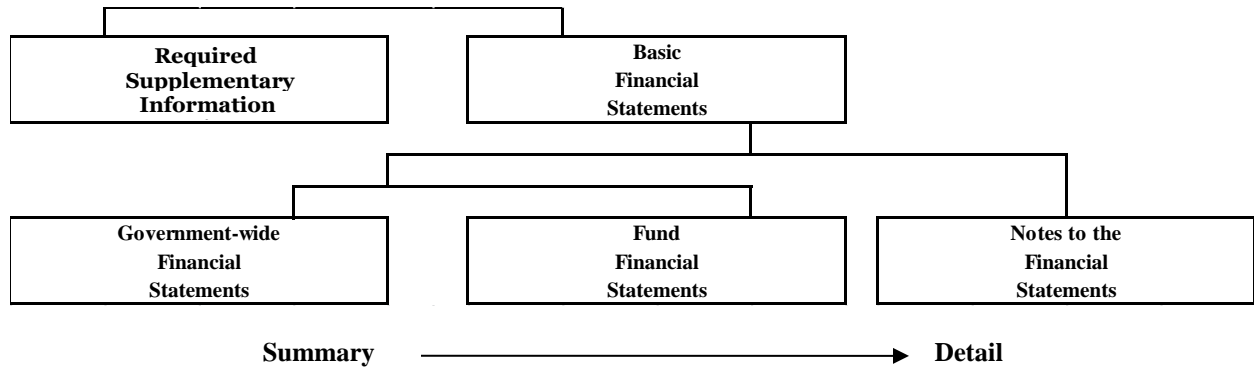
The basic financial statements include two kinds of statements that present different views of the SAU based upon measurement focus and basis of accounting.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the SAU's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the SAU, reporting the SAU's operations in more detail than the government-wide statements. The governmental funds statements tell how the SAU's services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The following exhibit shows how the required parts of this annual report are arranged and related to one another.

Required Components of the Annual Financial Report

Figure 1



SCHOOL ADMINISTRATIVE UNIT #21

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018**

Figure 2

	Government - Wide	Fund Statements
		Governmental
SCOPE	Entire SAU government (except fiduciary funds)	All activities of the SAU that are not proprietary or fiduciary
REQUIRED FINANCIAL STATEMENTS	Statement of Net Position	Balance Sheet
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances
ACCOUNTING BASIS	Accrual	Modified Accrual
MEASUREMENT FOCUS	Economic Resources	Current Financial Resources
TYPE OF INFORMATION ASSETS AND LIABILITIES	All assets and liabilities, both financial and capital, short-term and long-term, including deferred outflows and inflows of resources	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included
TYPE OF INFORMATION REVENUES, EXPENSES, AND EXPENDITURES	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter

SCHOOL ADMINISTRATIVE UNIT #21

*MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018*

The remainder of this overview section of MD&A explains the structure and contents of each of the statements:

Government-wide Financial Statements

The government-wide financial statements show functions of the SAU that are principally supported by property taxes and intergovernmental revenues as “governmental activities.” Intergovernmental revenues include local, state and federal monies. The governmental activities of the SAU include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Taxes and intergovernmental revenues also support fixed assets and related debt.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements focus on the individual parts of the government and report the SAU’s operations in more detail than the government-wide statements. Fund definitions are part of a state mandated uniform accounting system and chart of accounts for all New Hampshire school SAUs. The SAU uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The SAU’s funds are governmental funds. Only those governmental activities that are considered significant or “major” funds are reported in individual columns in the fund financial statements.

The SAU’s basic services are accounted for in the governmental funds and include the general fund.

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.

SCHOOL ADMINISTRATIVE UNIT #21

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The SAU's net position totaled (\$973,873) at June 30, 2018, a decrease of \$109,157 from the previous fiscal year.

The largest portion of the District's net position reflects the unfunded liabilities at the State Retirement System. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves generally cannot be used to liquidate these liabilities. A condensed version of the District's Statement of Net Position is shown below.

School Administrative Unit No. 21 Governmental Activities Summary of Net Position Two Year Comparison				
	<u>2018</u>	<u>2017</u> <u>(as restated)</u>	<u>Change</u> <u>2017-2018</u>	<u>%</u> <u>Change</u> <u>2017-2018</u>
Assets				
Current Assets	\$ 109,287	\$ 236,341	\$ (127,054)	-53.76%
Deferred Outflows of Resources	<u>219,663</u>	<u>342,367</u>	<u>(122,704)</u>	<u>-35.84%</u>
Liabilities				
Other Liabilities	8,548	9,126	(578)	-6.33%
Long Term Liabilities	<u>1,179,183</u>	<u>1,372,424</u>	<u>(193,241)</u>	<u>-14.08%</u>
Total Liabilities	<u>1,187,731</u>	<u>1,381,550</u>	<u>(193,819)</u>	<u>-14.03%</u>
Deferred Inflows of Resources	<u>115,092</u>	<u>61,874</u>	<u>53,218</u>	<u>86.01%</u>
Restricted Net Position	1,238	1,130	108	9.56%
Unrestricted Net Position	<u>(975,111)</u>	<u>(865,846)</u>	<u>(109,265)</u>	<u>-12.62%</u>
Total Net Position	<u>\$ (973,873)</u>	<u>\$ (864,716)</u>	<u>\$ (109,157)</u>	<u>-12.62%</u>

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018**

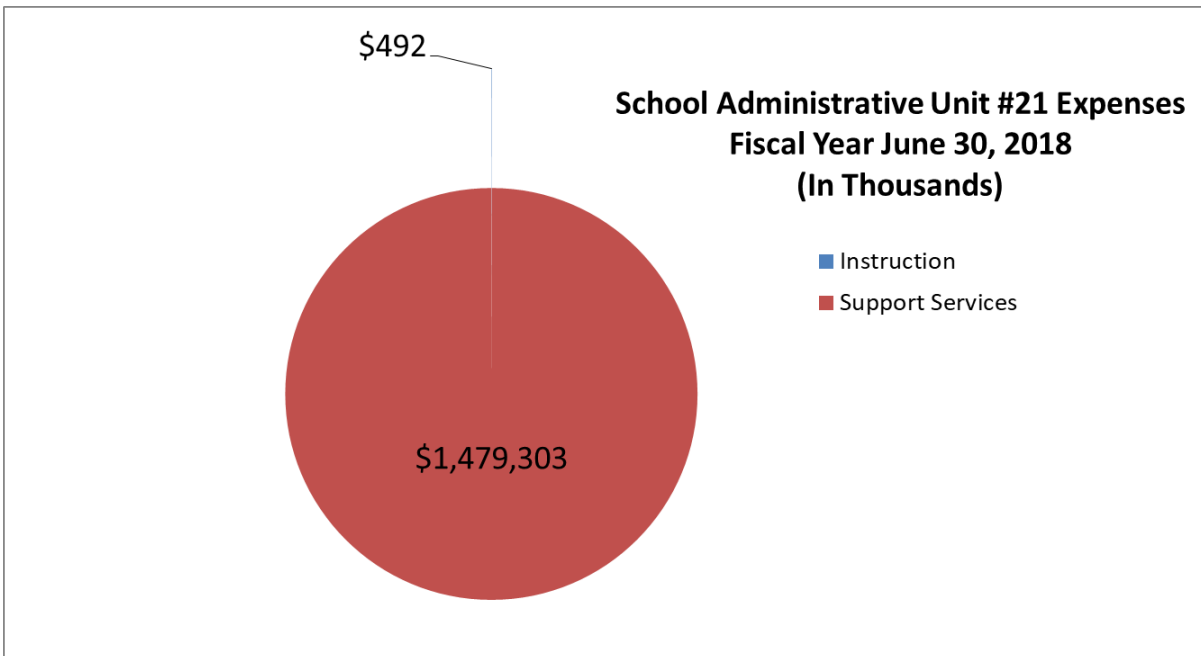
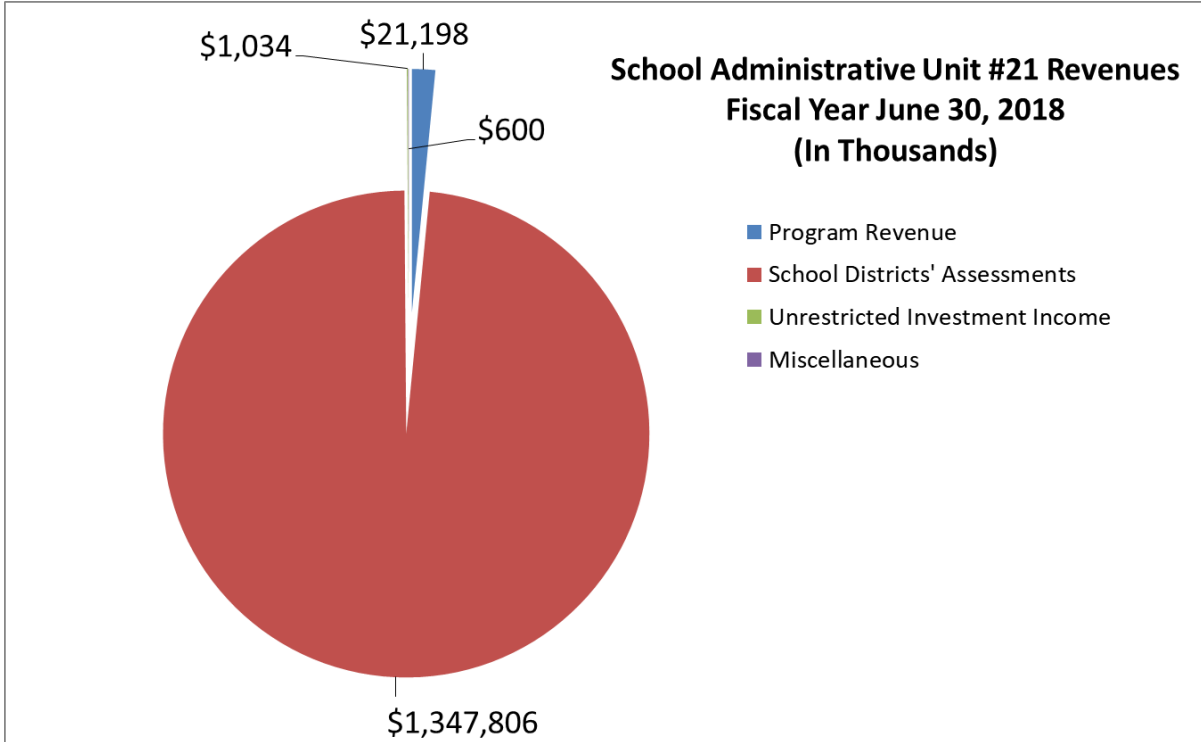
Statement of Activities

Total revenue of \$1,370,638 was exceeded by expenditures of \$1,479,795. 98.33% of the SAU's total revenues come from the SAU assessment to the school districts while approximately 2% is derived from indirect costs to the districts. The SAU's expenses cover a range of services, the largest of which is executive administration (39.25% of total expenses) and other support services (60.71% of total expenses). Below is a condensed version of the SAU's Statement of Activities followed by charts showing the breakdown of the SAU's total expenses and revenues.

School Administrative Unit No. 21 Governmental Activities Statement of Activities Two Year Comparison				
	June 30, <u>2018</u>	June 30, <u>2017</u>	<u>Change</u>	<u>% Change</u>
Revenues				
Program Revenue				
Operating Grants & Contributions	\$ 21,198	\$ 31,545	\$ (10,347)	-32.80%
General Revenue				
School Districts' Assessments	1,347,806	1,321,905	25,901	1.96%
Unrestricted Investment Income	1,034	44	990	2250.00%
Miscellaneous	600	11,266	(10,666)	-94.67%
Total Revenues	<u>\$ 1,370,638</u>	<u>\$ 1,364,760</u>	<u>\$ 5,878</u>	<u>0.43%</u>
Program Expenses				
Instruction	\$ 492	\$ 7,359	\$ (6,867)	-93.31%
Support Services:				
Instructional Staff	26,165	22,272	3,893	17.48%
General Administration	42,073	29,542	12,531	42.42%
Executive Administration	580,929	515,218	65,711	12.75%
Business	361,555	350,299	11,256	3.21%
Operation and Maintenance of Plant	50,884	46,663	4,221	9.05%
Other	417,697	418,568	(871)	-0.21%
Total Expenses	<u>1,479,795</u>	<u>1,389,921</u>	<u>89,874</u>	<u>6.47%</u>
Change in Net Position	(109,157)	(25,161)	(83,996)	-333.83%
Change Related to Implementation of GASB #75	-	(30,636)	30,636	100.00%
Net Position, beginning (as restated)	(864,716)	(808,919)	(55,797)	-6.90%
Net Position, ending	<u>\$ (973,873)</u>	<u>\$ (864,716)</u>	<u>\$ (109,157)</u>	<u>-12.62%</u>

SCHOOL ADMINISTRATIVE UNIT #21

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018**



SCHOOL ADMINISTRATIVE UNIT #21
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

INDIVIDUAL FUND FINANCIAL ANALYSIS

General Fund

The general fund is what most people think of as “the budget”. The general fund is largely supported by the school districts’ assessments. The general fund ended the fiscal year with an unassigned fund balance of \$96,433.

The general fund is supported by \$1.35 million from local assessments, \$2 thousand other local sources, and \$21 thousand from federal sources. General fund expenditures are primarily for executive and business support services (\$963 thousand) followed by other support services (\$414 thousand).

COMMENTS ON GENERAL FUND BUDGET COMPARISONS

- General fund actual revenues totaling \$1,370,638 exceeded budgeted revenues by \$2,832 (0.21%).
 - **Local sources** totaling \$1,347,806 were as budgeted.
 - **Other local sources** totaling \$1,634 exceeded budgeted revenues by \$1,634.
 - **Federal sources** totaling \$21,198 exceeded budgeted revenues by \$1,198.
- General fund expenditures, including encumbrances to the subsequent year, totaling \$1,496,666 were less than appropriations totaling \$1,447,806, including encumbrances from the prior year, by \$48,860. Significant general fund budget variances occurred in these functions:
 - **General Administration** totaling \$42,073 was over budget by (\$14,773) due to professional development, legal, and contracted services accounts.
 - **Executive administration** totaling \$586,349 was over budget by (\$38,151) due to retirement salary costs.
 - **Other** totaling \$413,645 was under budget by \$28,815 primarily due to employee benefits.

SCHOOL ADMINISTRATIVE UNIT #21

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018**

Long-Term Debt

The table below illustrates the long-term debt of the School Administrative Unit as of June 30, 2018.

School Administrative Unit No. 21 Governmental Activities Long Term Debt Two Year Comparison				
	<u>Governmental Activities</u>		Increase <u>(Decrease)</u>	% Increase <u>(Decrease)</u>
	<u>2018</u>	2017 (as restated)		
Compensated Absences	\$ 24,916	\$ 48,355	\$ (23,439)	-48.47%
Other Postemployment Benefits	43,587	43,495	92	0.21%
Net Pension Liability	<u>1,110,680</u>	<u>1,280,574</u>	<u>(169,894)</u>	<u>-13.27%</u>
Total Long Term Debt	<u>\$ 1,179,183</u>	<u>\$ 1,372,424</u>	<u>\$ (193,241)</u>	<u>-14.08%</u>

FUTURE BUDGETARY IMPLICATIONS

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

- Changes in the State level as to funding mechanisms for local education may have an impact on taxation calculations.

Contacting the SAU's Financial Management

This financial report is designed 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 the report or would like to request additional information, contact Matthew Ferreira, Business Administrator for SAU #21 located at 2 Alumni Drive, Hampton, New Hampshire 03842, via phone at 603-926-8992 ext. 107 or at email mferreira@sau21.org.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
SCHOOL ADMINISTRATIVE UNIT NO. 21
Statement of Net Position
June 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 107,548
Other receivables	1,739
Total assets	109,287
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	217,109
Amounts related to other postemployment benefits	2,554
Total deferred outflows of resources	219,663
LIABILITIES	
Accounts payable	3,174
Accrued salaries and benefits	5,374
Noncurrent obligations:	
Due in more than one year	1,179,183
Total liabilities	1,187,731
DEFERRED INFLOWS OF RESOURCES	
Amounts related to pensions	114,488
Amounts related to other postemployment benefits	604
Total deferred inflows of resources	115,092
NET POSITION	
Restricted	1,238
Unrestricted	(975,111)
Total net position	\$ (973,873)

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

EXHIBIT B
SCHOOL ADMINISTRATIVE UNIT NO. 21
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Position</u>
Governmental activities:			
Instruction	\$ 492	\$ -	\$ (492)
Support services:			
Instructional staff	26,165	-	(26,165)
General administration	42,073	-	(42,073)
Executive administration	580,929	-	(580,929)
Business	361,555	-	(361,555)
Operation and maintenance of plant	50,884	-	(50,884)
Other	417,697	21,198	(396,499)
Total governmental activities	<u>\$ 1,479,795</u>	<u>\$ 21,198</u>	<u>(1,458,597)</u>
General revenues:			
School districts' assessments			1,347,806
Interest			1,034
Miscellaneous			600
Total general revenues			<u>1,349,440</u>
Change in net position			(109,157)
Net position, beginning, as restated (see Note 11)			(864,716)
Net position, ending			<u>\$ (973,873)</u>

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

EXHIBIT C-1
SCHOOL ADMINISTRATIVE UNIT NO. 21
Governmental Fund
Balance Sheet
June 30, 2018

	General
ASSETS	
Cash and cash equivalents	\$ 107,548
Accounts receivables	1,739
Total assets	\$ 109,287
LIABILITIES	
Accounts payable	\$ 3,174
Accrued salaries and benefits	5,374
Total liabilities	8,548
FUND BALANCES	
Restricted	1,238
Assigned	3,058
Unassigned	96,443
Total fund balances	100,739
Total liabilities and fund balances	\$ 109,287

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

EXHIBIT C-2
SCHOOL ADMINISTRATIVE UNIT NO. 21
Reconciliation of the Balance Sheet - Governmental Fund to the Statement of Net Position
June 30, 2018

Total fund balances of governmental fund (Exhibit C-1)		\$ 100,739
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Pension and other postemployment benefits (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental fund as follows:		
Deferred outflows of resources related to pensions	\$ 217,109	
Deferred inflows of resources related to pensions	(114,488)	
Deferred outflows of resources related to OPEB	2,554	
Deferred inflows of resources related to OPEB	<u>(604)</u>	104,571
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental fund.		
Compensated absences	\$ 24,916	
Other postemployment benefits	43,587	
Net pension liability	<u>1,110,680</u>	<u>(1,179,183)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ (973,873)</u></u>

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

EXHIBIT C-3
SCHOOL ADMINISTRATIVE UNIT NO. 21
Governmental Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	General
REVENUES	
School districts' assessments	\$ 1,347,806
Other local	1,634
Federal	21,198
Total revenues	1,370,638
EXPENDITURES	
Current:	
Instruction	492
Support services:	
Instructional staff	26,165
General administration	42,073
Executive administration	589,453
Business	374,091
Operation and maintenance of plant	50,884
Other	413,956
Total expenditures	1,497,114
Net change in fund balances	(126,476)
Fund balances, beginning	227,215
Fund balances, ending	\$ 100,739

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

EXHIBIT C-4
SCHOOL ADMINISTRATIVE UNIT NO. 21
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Fund to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Net change in fund balances of governmental fund (Exhibit C-3)		\$ (126,476)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in the governmental fund.		
Decrease in compensated absences payable	\$ 23,439	
Increase in other postemployment benefits	(92)	
Increase in deferred outflows and inflows of resources related to other postemployment benefits	(511)	
Increase in net pension liability and deferred outflows and inflows of resources related to pensions	<u>(5,517)</u>	
		<u>17,319</u>
Change in net position of governmental activities (Exhibit B)		<u><u>\$ (109,157)</u></u>

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

EXHIBIT D
SCHOOL ADMINISTRATIVE UNIT NO. 21
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
School districts' assessments	\$ 1,347,806	\$ 1,347,806	\$ -
Other local	-	1,634	1,634
Federal	20,000	21,198	1,198
Total revenues	<u>1,367,806</u>	<u>1,370,638</u>	<u>2,832</u>
EXPENDITURES			
Current:			
Instruction	-	492	(492)
Support services:			
Instructional staff	19,460	26,132	(6,672)
General administration	27,300	42,073	(14,773)
Executive administration	548,198	586,349	(38,151)
Business	368,552	377,091	(8,539)
Operation and maintenance of plant	41,836	50,884	(9,048)
Other	442,460	413,645	28,815
Total expenditures	<u>1,447,806</u>	<u>1,496,666</u>	<u>(48,860)</u>
Net change in fund balance	<u>\$ (80,000)</u>	(126,028)	<u>\$ (46,028)</u>
Increase in restricted fund balance		(108)	
Unassigned fund balance, beginning		222,579	
Unassigned fund balance, ending		<u>\$ 96,443</u>	

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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SCHOOL ADMINISTRATIVE UNIT NO. 21
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School Administrative Unit No. 21, in Hampton, New Hampshire (the School Administrative Unit), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

In 2018 the School Administrative Unit implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which changed the way other postemployment benefit (OPEB) liabilities and related expenses are recorded. See Note 2-C for further information on this pronouncement.

1-A Reporting Entity

The School Administrative Unit No. 21 is a separate entity established by State statute to provide administrative services for Hampton Falls, North Hampton, Seabrook, South Hampton, and Winnacunnet Cooperate School Districts. The School Administrative Unit is governed by the respective School Boards of the Hampton Falls, North Hampton, Seabrook, South Hampton, and Winnacunnet 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. 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 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 the governmental fund. In the governmental fund financial statements, expenditures are reported by character as current. Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services.

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

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

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School Administrative Unit generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. District assessments, intergovernmental revenue, and other local sources associated with the current fiscal period are all considered to be

SCHOOL ADMINISTRATIVE UNIT NO. 21
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susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

The School Administrative Unit reports the following major governmental fund:

General Fund – is the School Administrative Unit’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include district assessments, state and federal grants, and other local sources. The primary expenditures are for instruction and support services.

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.

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 receivables.

1-F Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2018.

1-G 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-H Long-term Obligations

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

SCHOOL ADMINISTRATIVE UNIT NO. 21
NOTES TO THE BASIC FINANCIAL STATEMENTS
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1-I Compensated Absences

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

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

1-J Defined Benefit Pension Plan

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

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

1-K 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 and payable in accordance with benefit terms.

1-L Net Position/Fund Balances

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

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 are more transparent.

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The following classifications describe the relative strength of the spending constraints:

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.

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 Superintendent or 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 government’s policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

1-M Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, 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 fund. 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 fund. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2018, \$80,000 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

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

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

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

Expenditures:	
Per Exhibit D (budgetary basis)	\$ 1,496,666
Adjustments:	
Basis difference:	
Encumbrances, beginning	3,506
Encumbrances, ending	<u>(3,058)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 1,497,114</u>

2-C Accounting Change/Restatement

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

	Local OPEB	State OPEB	Total OPEB
Change in total OPEB liability under current standards, July 1	\$ (12,593)	\$ (20,504)	\$ (33,097)
Initial balance of deferred outflows of resources	-	2,461	2,461
Cumulative restatement related to GASB No. 75 implementation (see Note 11)	<u>\$ (12,593)</u>	<u>\$ (18,043)</u>	<u>\$ (30,636)</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). The FDIC currently insures the first \$250,000 of the School Administrative Unit's deposits at each financial institution, per case custodian. As of year-end, the carrying amount of the School Administrative Unit's deposits was \$107,448 and the bank balances totaled \$109,709. Petty cash totaled \$100.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2018, consisted of accounts amounts arising from amounts owed from the School Administrative Unit's member school districts. Receivables are recorded on the School Administrative Unit's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

NOTE 5 – LONG-TERM LIABILITIES

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

	Balance July 1, 2017 (as restated)	Additions	Reductions	June 30, 2018	Due Within One Year
Compensated absences	\$ 48,355	\$ -	\$ 23,439	\$ 24,916	\$ -
Net other postemployment benefits	43,495	92	-	43,587	-
Pension related liability	1,280,574	-	169,894	1,110,680	-
Total long-term liabilities	<u>\$ 1,372,424</u>	<u>\$ 92</u>	<u>\$ 193,333</u>	<u>\$ 1,179,183</u>	<u>\$ -</u>

SCHOOL ADMINISTRATIVE UNIT NO. 21
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NOTE 6 – 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 – The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II. All assets are held in a single trust and available to pay retirement benefits to all members.

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

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

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

Contributions – The System is financed by contributions from both the employees and the School Administrative Unit. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. For fiscal year 2018, the School Administrative Unit contributed 15.70% for teachers and 11.08% for other employees. The contribution requirement for the fiscal year 2018 was \$82,735, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the School Administrative Unit reported a liability of \$1,110,680 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Administrative Unit's proportion of the net pension liability was based on a projection of the School Administrative Unit's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2017, the School Administrative Unit's proportion was 0.02258400% which was a decrease of 0.00149783% from its proportion measured as of June 30, 2016.

SCHOOL ADMINISTRATIVE UNIT NO. 21
NOTES TO THE BASIC FINANCIAL STATEMENTS
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For the year ended June 30, 2018, the School Administrative Unit recognized pension expense of \$98,141. At June 30, 2018, the School Administrative Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 8,750	\$ 86,207
Net difference between projected and actual investment earnings on pension plan investments	-	14,145
Changes in assumptions	111,527	-
Differences between expected and actual experience	2,518	14,136
Contributions subsequent to the measurement date	94,314	-
Total	\$ 217,109	\$ 114,488

The \$94,314 reported as deferred outflows of resources related to pensions results from the School Administrative Unit contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2018	\$ 769
2019	25,721
2020	13,551
2021	(31,734)
Totals	\$ 8,307

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

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

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

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

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

SCHOOL ADMINISTRATIVE UNIT NO. 21
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Following is a table presenting target allocations and long-term rates of return for 2017:

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

Discount Rate – The discount rate used to measure the collective total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan’s actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the School Administrative Unit’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the School Administrative Unit’s proportionate share of the net pension liability calculated using the discount rate of 7.25% as well as what the School Administrative Unit’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2017	\$ 1,463,264	\$ 1,110,680	\$ 821,750

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 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

7-A New Hampshire Retirement System (NHRS)

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 years 2017 and 2016 were as follows:

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

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

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2017, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2018, the School Administrative Unit contributed 1.66% for teachers and 0.30% for other employees. The contribution requirement for the fiscal year 2018 was \$2,362, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2018, the School Administrative Unit reported a liability of \$18,221 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School Administrative Unit’s proportion of the net OPEB liability was based on a projection of the School Administrative Unit’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2017, the School Administrative Unit’s proportion was 0.00398515% which was a decrease of 0.0002502% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School Administrative Unit recognized OPEB expense of \$502. At June 30, 2018, the School Administrative Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 364
Net difference between projected and actual investment earnings on OPEB plan investments	-	57
Contributions subsequent to the measurement date	2,554	-
Total	\$ 2,554	\$ 421

The \$2,554 reported as deferred outflows of resources related to OPEB results from the School Administrative Unit contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019.

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

Fiscal Year Ending June 30,	
2018	\$ 378
2019	14
2020	14
2021	15
2022	-
Totals	<u>\$ 421</u>

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

Price inflation:	2.5 % per year
Wage inflation:	3.25 % per year
Salary increases:	5.6 % average, including inflation
Investment rate of return:	7.25 % net of OPEB plan investment expense, including inflation
Health care trend rate:	Not applicable, given that the benefits are fixed stipends

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

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

Long-term Rates of Return – The long-term expected rate of return on OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2017:

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

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Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2017 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity of the School Administrative Unit’s Proportionate Share of the OPEB Liability to Changes in the Discount Rate – The following table presents the School Administrative Unit’s proportionate share of the OPEB liability calculated using the discount rate of 7.25% as well as what the School Administrative Unit’s proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2017	\$ 19,830	\$ 18,221	\$ 16,827

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.

7-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.

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 the New Hampshire Inter-Local Trust.

Employees Covered by Benefit Terms – At July 1, 2017, 11 active employees were covered by the benefit terms.

Total OPEB Liability – The School Administrative Unit’s total OPEB liability of \$25,366 was measured as of July 1, 2017, and was determined by an actuarial valuation of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$25,366 in the July 1, 2017 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:	3.87%
Healthcare Cost Trend Rates:	
Current Year Trend	8.00%
Second Year Trend	7.50%
Decrement	0.50%
Ultimate Trend	3.80%
Year Ultimate Trend is Reached	2075
Salary Increases:	2.60%

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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 July 1, 2017.

Mortality rates were based on the RP-2000 Combined Health Participant Table Projected 10 years using Projection Scale AA.

Changes in the Total OPEB Liability

	June 30, 2018
Total OPEB liability beginning of year, as restated	\$ 22,991
Changes for the year:	
Service cost	2,512
Interest	895
Assumption changes and difference between actual and expected experience	(40)
Benefit payments	(992)
Total OPEB liability end of year	\$ 25,366

Sensitivity of the School Administrative Unit's OPEB Liability to Changes in the Discount Rate – The July 1, 2017 actuarial valuation was prepared using a discount rate of 3.87%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$23,530 or by 7.2%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$27,350 or by 7.3%.

	Discount Rate		
	1% Decrease	Baseline 3.87%	1% Increase
Total OPEB Liability	\$ 27,350	\$ 25,366	\$ 23,530

Sensitivity of the School Administrative Unit's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2017 actuarial valuation was prepared using an initial trend rate of 4.80%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$28,518 or by 11.1%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$22,675 or by 10.6%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 4.80%	1% Increase
Total OPEB Liability	\$ 22,675	\$ 25,366	\$ 28,518

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the School Administrative Unit recognized OPEB expense of \$3,550. At June 30, 2018, the School Administrative Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 183

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

Fiscal Year Ending June 30,	
2018	\$ (33)
2019	(33)
2020	(33)
2021	(33)
2022	(33)
Thereafter	(20)
Totals	\$ (185)

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NOTE 8 – ENCUMBRANCES

Encumbrances outstanding at June 30, 2018 are as follows:

Current:		
Support services:		
Business	\$	3,000
Other		58
Total encumbrances	<u>\$</u>	<u>3,058</u>

NOTE 9 – GOVERNMENTAL ACTIVITIES NET POSITION

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

Restricted for special purpose	\$	1,238
Unrestricted		<u>(975,111)</u>
Total net position	<u>\$</u>	<u>(973,873)</u>

NOTE 10 – GOVERNMENTAL FUND BALANCES

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

	<u>General</u>
	<u>Fund</u>
Restricted:	
Reserved for special purpose	\$ 1,238
Assigned:	
Encumbrances	3,058
Unassigned	<u>96,443</u>
Total governmental fund balances	<u>\$ 100,739</u>

NOTE 11 – PRIOR PERIOD ADJUSTMENT

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

To restate for the cumulative changes related to implementation of GASB No. 75, see Note 2-C	\$ (30,636)
Net position, as previously reported	<u>(834,080)</u>
Net position, as restated	<u>\$ (864,716)</u>

NOTE 12 – RISK MANAGEMENT

The School Administrative Unit is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2018, the School Administrative Unit was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2017 to June 30, 2018 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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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 13 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through March 5, 2019, the date the June 30, 2018 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
SCHOOL ADMINISTRATIVE UNIT NO. 21
Schedule of the School Administrative Unit's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2018

	June 30,				
	2014	2015	2016	2017	2018
School Administrative Unit's proportion of the net pension liability	0.02%	0.03%	0.02%	0.02%	0.02%
School Administrative Unit's proportionate share of the net pension liability	\$ 1,069,880	\$ 959,774	\$ 989,806	\$ 1,280,574	\$ 1,110,680
School Administrative Unit's covered payroll	\$ 711,463	\$ 760,722	\$ 781,485	\$ 794,031	\$ 851,208
School Administrative Unit's proportionate share of the net pension liability as a percentage of its covered payroll	150.38%	126.17%	126.66%	161.28%	130.48%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%	65.47%	58.30%	62.66%

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

EXHIBIT G
SCHOOL ADMINISTRATIVE UNIT NO. 21
Schedule of School Administrative Unit Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2018

	June 30,				
	2014	2015	2016	2017	2018
Contractually required contribution	\$ 61,813	\$ 82,954	\$ 83,823	\$ 86,232	\$ 82,735
Contributions in relation to the contractually required contributions	61,813	82,954	83,823	86,232	82,735
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School Administrative Unit's covered payroll	\$ 711,463	\$ 760,722	\$ 781,485	\$ 794,031	\$ 851,208
Contributions as a percentage of covered payroll	8.69%	10.90%	10.73%	10.86%	9.72%

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

SCHOOL ADMINISTRATIVE UNIT NO. 21
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

***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 F and G represent the actuarial determined costs associated with the School Administrative Unit’s pension plan at June 30, 2018. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2017:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	22 years beginning July 1, 2017 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.56% per year
Investment Rate of Return	7.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP -2015, based in the last experience study.

Other Information:

Notes Contribution rates for Fiscal Year 2017 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.

EXHIBIT H
SCHOOL ADMINISTRATIVE UNIT NO. 21
Schedule of the School Administrative Unit's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2018

	June 30,	
	2017	2018
School Administrative Unit's proportion of the net OPEB liability	0.004%	0.004%
School Administrative Unit's proportionate share of the net OPEB liability	\$ 20,504	\$ 18,221
School Administrative Unit's covered payroll	\$ 794,031	\$ 851,208
School Administrative Unit's proportionate share of the net OPEB liability as a percentage of its covered payroll	2.58%	2.14%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%

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

EXHIBIT I
SCHOOL ADMINISTRATIVE UNIT NO. 21
Schedule of School Administrative Unit Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2018

	June 30,	
	2017	2018
Contractually required contribution	\$ 2,461	\$ 2,362
Contributions in relation to the contractually required contribution	<u>2,461</u>	<u>2,362</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School Administrative Unit's covered payroll	<u>\$ 794,031</u>	<u>\$ 851,208</u>
Contributions as a percentage of covered payroll	0.31%	0.28%

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

EXHIBIT J
SCHOOL ADMINISTRATIVE UNIT NO. 21
Schedule of Changes in the School Administrative Unit's Total Other Postemployment Benefits Liability and Related Ratios
For the Fiscal Year Ended June 30, 2018

	June 30, 2018
OPEB liability, beginning of year	\$ 22,991
Changes for the year:	
Service cost	2,512
Interest	895
Changes to benefit terms	-
Assumption changes and difference between actual and expected experience	(40)
Change in actuarial cost method	-
Benefit payments	(992)
OPEB liability, end of year	\$ 25,366
Covered payroll	\$ 215,436
Total OPEB liability as a percentage of covered payroll	11.77%

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

SCHOOL ADMINISTRATIVE UNIT NO. 21
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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 H and I represent the actuarial determined costs associated with the School Administrative Unit’s other postemployment benefits at June 30, 2018. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

Methods and Assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.56% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

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

As required by GASB Statement No. 75, Exhibit J represents the actuarial determined costs associated with the School Administrative Unit’s other postemployment benefits at June 30, 2018. 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. 21
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	<u>Estimated</u>	<u>Actual</u>	Variance Positive (Negative)
School districts' assessments:			
Current appropriation	\$ 1,347,806	\$ 1,347,806	\$ -
Other local sources:			
Investment earnings	-	1,034	1,034
Miscellaneous	-	600	600
Total from other local sources	<u>-</u>	<u>1,634</u>	<u>1,634</u>
Federal sources:			
Federal program grants	<u>20,000</u>	<u>21,198</u>	<u>1,198</u>
Total revenues	1,367,806	<u>\$ 1,370,638</u>	<u>\$ 2,832</u>
Use of fund balance to reduce school districts' assessments	<u>80,000</u>		
Total revenues and use of fund balance	<u>\$ 1,447,806</u>		

SCHEDULE 2
SCHOOL ADMINISTRATIVE UNIT NO. 21
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ -	\$ -	\$ 492	\$ -	\$ (492)
Support services:					
Instructional staff	33	19,460	26,165	-	(6,672)
General administration	-	27,300	42,073	-	(14,773)
Executive administration	3,104	548,198	589,453	-	(38,151)
Business	-	368,552	374,091	3,000	(8,539)
Operation and maintenance of plant	-	41,836	50,884	-	(9,048)
Other	369	442,460	413,956	58	28,815
Total support services	<u>3,506</u>	<u>1,447,806</u>	<u>1,496,622</u>	<u>3,058</u>	<u>(48,368)</u>
Total appropriations, expenditures, and encumbrances	<u>\$ 3,506</u>	<u>\$ 1,447,806</u>	<u>\$ 1,497,114</u>	<u>\$ 3,058</u>	<u>\$ (48,860)</u>

SCHEDULE 3
SCHOOL ADMINISTRATIVE UNIT NO. 21
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

Unassigned fund balance, beginning		\$ 222,579
Changes:		
Unassigned fund balance used to reduce school districts' assessments		(80,000)
2017-2018 Budget summary:		
Revenue surplus (Schedule 1)	\$ 2,832	
Unexpended overdraft of appropriations (Schedule 2)	<u>(48,860)</u>	
2017-2018 Budget deficit		(46,028)
Increase in restricted fund balance		<u>(108)</u>
Unassigned fund balance, ending		<u><u>\$ 96,443</u></u>