

**SCHOOL ADMINISTRATIVE UNIT 44**

Annual Financial Statements

For the Year Ended June 30, 2017

# SCHOOL ADMINISTRATIVE UNIT 44

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position	9
Statement of Activities	10
<b>Fund Financial Statements:</b>	
<b>Governmental Funds:</b>	
Balance Sheet	11
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Revenues and Other Sources, and Expenditures and Other Uses - Budget and Actual - All Budgeted Funds	15
<b>Notes to Financial Statements</b>	16
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Schedule of Proportionate Share of the Net Pension Liability (GASB 68)	32
Schedule of Pension Contributions (GASB 68)	33
Schedule of OPEB Funding Progress (GASB 45)	34

## INDEPENDENT AUDITORS' REPORT

To the Joint School Board  
School Administrative Unit 44

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, and each major fund of School Administrative Unit 44, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the SAU's basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

The SAU's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

### **Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of School Administrative Unit 44, as of June 30, 2017, and the respective changes in financial position, and the respective budgetary comparison for all budgeted funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the Pension and OPEB schedules appearing on pages 32 to 34, be presented to supplement the basic financial statements. 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 evidence sufficient to express an opinion or provide any assurance.

*Melanson Heath*

December 7, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of School Administrative Unit 44 (the SAU), we offer readers this narrative overview and analysis of the financial activities of the SAU for the fiscal year ended June 30, 2017.

### **A. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets and liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position 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 changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

**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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating 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, readers may better understand the long-term impact of the SAU's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

An annual appropriated budget is adopted for the General Fund and Preschool Fund. A budgetary comparison statement has been provided to demonstrate compliance with these budgets.

**Notes to 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.

## **B. FINANCIAL HIGHLIGHTS**

- As of the close of the current fiscal year, the total of liabilities exceeded assets by \$(902,873) (i.e., net position), a change of \$(16,431) in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$553,774 a change of \$98,447 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$472,440 a change of \$47,887 in comparison to the prior year.

### C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>NET POSITION</u>	
		<u>Governmental Activities</u>
	<u>2017</u>	<u>2016</u>
Current assets	\$ 606,127	\$ 503,151
Total assets	<u>606,127</u>	<u>503,151</u>
Deferred outflows	680,800	313,968
Current liabilities	52,354	47,824
Noncurrent liabilities	<u>2,112,117</u>	<u>1,546,580</u>
Total liabilities and deferred inflows	<u>2,164,471</u>	<u>1,594,404</u>
Deferred inflows of resources	25,329	109,157
Net position:		
Restricted	81,334	30,774
Unrestricted	<u>(984,207)</u>	<u>(917,216)</u>
Total net position	<u><u>\$ (902,873)</u></u>	<u><u>\$ (886,442)</u></u>

As noted earlier, 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 \$(902,873), a change of \$(16,431) from the prior year.

A portion of net position, \$81,334, represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position is in a deficit of \$(984,207), primarily resulting from the unfunded net OPEB obligation (see Note 11) and unfunded net pension liability (see Note 10).

CHANGE IN NET POSITION

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Revenues:		
Program revenues:		
Charges for services	\$ 467,224	\$ 444,875
Operating grants and contributions	729,587	712,211
General revenues:		
School district assessment	1,173,003	1,173,003
Miscellaneous	19,144	71,361
Total revenues	<u>2,388,958</u>	<u>2,401,450</u>
Expenses:		
Regular programs	195,138	149,517
Special programs	644,324	616,745
Other instructional programs	5,331	5,353
Student services	190,418	195,417
Instructional staff	128,877	103,447
General administration	780,031	798,021
Business	373,215	305,862
Operations and maintenance	88,055	88,980
Total expenses	<u>2,405,389</u>	<u>2,263,342</u>
Change in net position	(16,431)	138,108
Net position - beginning of year	<u>(886,442)</u>	<u>(1,024,550)</u>
Net position - end of year	<u>\$ (902,873)</u>	<u>\$ (886,442)</u>

**Governmental activities:** Governmental activities for the year resulted in a change in net position of \$(16,431). Key elements of this change are as follows:

Operating Results:

General Fund revenues in excess of expenditures	\$ 47,887
Federal Projects Fund revenues in excess of expenditures	2,426
Preschool Fund revenues in excess of expenditures	<u>48,134</u>
Subtotal operating results	98,447
Change in compensated absence liability	18,900
Change in net OPEB obligation	(16,804)
Change in pension related accounts	<u>(116,974)</u>
Total	<u>\$ (16,431)</u>



**D. FINANCIAL ANALYSIS OF THE SAU'S FUNDS**

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

**Governmental funds.** The focus of 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 the SAU's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$553,774, a change of \$98,447 in comparison to the prior year. Key elements of this change are as follows:

General Fund revenues in excess of expenditures	\$ 47,887
Federal Projects Fund revenues in excess of expenditures	2,426
Preschool Fund revenues in excess of expenditures	<u>48,134</u>
Total	<u>\$ 98,447</u>

At the end of the current fiscal year, unassigned fund balance of the General Fund was \$472,440. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 472,440	\$ 424,553	\$ 47,887	41.4%
Total fund balance	\$ 472,440	\$ 424,553	\$ 47,887	41.4%

Total fund balance of the General Fund changed by \$47,887 during the current fiscal year. Key elements of this change are as follows:

Revenues less than budget	\$ (4,630)
Expenditures less than budget	<u>52,517</u>
Total	<u>\$ 47,887</u>

**E. BUDGETARY HIGHLIGHTS**

There were no differences between the original and final budget. However, there were line item changes that were approved by the Joint School Board.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of School Administrative Unit 44's finances for all those with an interest in the SAU's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

School Administrative Unit 44  
23A Mountain Avenue  
Northwood, New Hampshire 03261

**SCHOOL ADMINISTRATIVE UNIT 44**

STATEMENT OF NET POSITION

JUNE 30, 2017

	<u>Governmental Activities</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Current:	
Cash and short-term investments	\$ 230,131
Intergovernmental receivables	375,996
Total current assets	<u>606,127</u>
Deferred Outflows of Resources - Pension Related	<u>680,800</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	1,286,927
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	
Current:	
Accounts payable and accrued expenses	3,277
Intergovernmental payables	30,821
Accrued payroll and benefits	18,256
Total current liabilities	<u>52,354</u>
Noncurrent:	
Compensated absences	34,570
Net OPEB obligation	71,727
Net pension liability	2,005,820
Total noncurrent liabilities	<u>2,112,117</u>
Deferred Inflows of Resources - Pension Related	<u>25,329</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	2,189,800
<b>NET POSITION</b>	
Restricted	81,334
Unrestricted	<u>(984,207)</u>
<b>TOTAL NET POSITION</b>	<u>\$ (902,873)</u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL ADMINISTRATIVE UNIT 44**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities:</b>				
Regular programs	\$ 195,138	\$ -	\$ -	\$ (195,138)
Special programs	644,324	467,224	729,587	552,487
Other instructional programs	5,331	-	-	(5,331)
Student services	190,418	-	-	(190,418)
Instructional staff	128,877	-	-	(128,877)
General administration	780,031	-	-	(780,031)
Business	373,215	-	-	(373,215)
Operations and maintenance	<u>88,055</u>	<u>-</u>	<u>-</u>	<u>(88,055)</u>
 Total Governmental Activities	 <u>\$ 2,405,389</u>	 <u>\$ 467,224</u>	 <u>\$ 729,587</u>	 (1,208,578)
 <b>General Revenues:</b>				
				1,173,003
				<u>19,144</u>
				 Total general revenues
				<u>1,192,147</u>
				 Change in Net Position
				(16,431)
 <b>Net Position:</b>				
				<u>(886,442)</u>
				 End of year
				<u>\$ (902,873)</u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL ADMINISTRATIVE UNIT 44**

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2017

	<u>General Fund</u>	<u>Federal Projects Fund</u>	<u>Preschool Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and short-term investments	\$ 230,131	\$ -	\$ -	\$ 230,131
Intergovernmental receivables	176,543	197,963	1,490	375,996
Due from other funds	<u>102,285</u>	<u>                    </u>	<u>100,085</u>	<u>202,370</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 508,959</u></b>	<b><u>\$ 197,963</u></b>	<b><u>\$ 101,575</u></b>	<b><u>\$ 808,497</u></b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 2,005	\$ -	\$ 1,271	\$ 3,276
Intergovernmental payables	16,258	14,563	-	30,821
Due to other funds	-	202,370	-	202,370
Accrued payroll and benefits	<u>18,256</u>	<u>                    </u>	<u>                    </u>	<u>18,256</u>
<b>TOTAL LIABILITIES</b>	<b>36,519</b>	<b>216,933</b>	<b>1,271</b>	<b>254,723</b>
<b>FUND BALANCES</b>				
Restricted	-	5,916	100,304	106,220
Unassigned	<u>472,440</u>	<u>(24,886)</u>	<u>                    </u>	<u>447,554</u>
<b>TOTAL FUND BALANCES</b>	<b><u>472,440</u></b>	<b><u>(18,970)</u></b>	<b><u>100,304</u></b>	<b><u>553,774</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 508,959</u></b>	<b><u>\$ 197,963</u></b>	<b><u>\$ 101,575</u></b>	<b><u>\$ 808,497</u></b>

The accompanying notes are an integral part of these financial statements.

**SCHOOL ADMINISTRATIVE UNIT 44**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND  
BALANCES TO NET POSITION OF GOVERNMENTAL  
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2017

<b>Total governmental fund balances</b>	\$ 553,774
• Deferred outflows of resources from net pension liability.	680,800
• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Compensated absences	(34,571)
Net OPEB obligation	(71,727)
Net pension liability	(2,005,820)
• Deferred inflows of resources from net pension liability.	<u>(25,329)</u>
<b>Net position of governmental activities</b>	\$ <u><u>(902,873)</u></u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL ADMINISTRATIVE UNIT 44**

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Federal Projects Fund</u>	<u>Preschool Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
School district assessment	\$ 1,173,003	\$ -	\$ -	\$ 1,173,003
Intergovernmental	-	729,587	-	729,587
Charges for services	-	-	467,224	467,224
Miscellaneous	16,370	-	2,774	19,144
Total Revenues	1,189,373	729,587	469,998	2,388,958
<b>Expenditures:</b>				
Current:				
Regular programs	-	176,941	6,303	183,244
Special programs	-	282,785	342,322	625,107
Other instructional programs	-	536	4,795	5,331
Student services	-	130,900	33,524	164,424
Instructional staff	129	120,704	1,414	122,247
General administration	733,663	15,295	-	748,958
Business	343,006	-	10,139	353,145
Operations and maintenance	64,688	-	23,367	88,055
Total Expenditures	1,141,486	727,161	421,864	2,290,511
Change in fund balances	47,887	2,426	48,134	98,447
Fund Balances, at Beginning of Year	424,553	(21,396)	52,170	455,327
Fund Balances, at End of Year	\$ 472,440	\$ (18,970)	\$ 100,304	\$ 553,774

The accompanying notes are an integral part of these financial statements.

**SCHOOL ADMINISTRATIVE UNIT 44**

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, 2017

**Net changes in fund balances - total governmental funds** \$ 98,447

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	18,900
Net OPEB obligation	(16,804)
GASB 68:	
Deferred outflows of resources	366,832
Net pension liability	(567,634)
Deferred inflows of resources	<u>83,828</u>

**Change in net position of governmental activities** \$ (16,431)

The accompanying notes are an integral part of these financial statements.



**SCHOOL ADMINISTRATIVE UNIT 44**

ALL BUDGETED FUNDS

STATEMENT OF REVENUES AND OTHER SOURCES,  
AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues and Other Sources:</b>				
<b>General Fund:</b>				
School district assessment	\$ 1,173,003	\$ 1,173,003	\$ 1,173,003	\$ -
Miscellaneous	21,000	21,000	16,370	(4,630)
Total General Fund	<u>1,194,003</u>	<u>1,194,003</u>	<u>1,189,373</u>	<u>(4,630)</u>
<b>Other Funds:</b>				
<b>Preschool Fund:</b>				
Charges for services	450,132	450,132	467,224	17,092
Miscellaneous	2,963	2,963	2,774	(189)
Total Preschool Fund	<u>453,095</u>	<u>453,095</u>	<u>469,998</u>	<u>16,903</u>
Total Revenues and Other Sources	<u>1,647,098</u>	<u>1,647,098</u>	<u>1,659,371</u>	<u>12,273</u>
<b>Expenditures and Other Uses:</b>				
<b>General Fund:</b>				
Instructional staff	300	300	129	171
General administration	752,344	760,848	733,663	27,185
Business	368,599	360,095	343,006	17,089
Operations and maintenance	72,760	72,760	64,688	8,072
Total General Fund	<u>1,194,003</u>	<u>1,194,003</u>	<u>1,141,486</u>	<u>52,517</u>
<b>Other Funds:</b>				
<b>Preschool Fund:</b>				
Regular programs	6,680	6,680	6,303	377
Special programs	370,943	369,127	342,322	26,805
Other instructional programs	4,820	4,820	4,795	25
Student services	35,152	36,076	33,524	2,552
Instructional staff	2,000	2,000	1,414	586
Business	9,113	10,005	10,139	(134)
Operations and maintenance	24,387	24,387	23,367	1,020
Total Preschool Fund	<u>453,095</u>	<u>453,095</u>	<u>421,864</u>	<u>31,231</u>
Total Expenditures and Other Uses	<u>1,647,098</u>	<u>1,647,098</u>	<u>1,563,350</u>	<u>83,748</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,021</u>	<u>\$ 96,021</u>

The accompanying notes are an integral part of these financial statements.

## SCHOOL ADMINISTRATIVE UNIT 44

### Notes to Financial Statements

#### 1. Summary of Significant Accounting Policies

The accounting policies of School Administrative Unit 44 (the SAU) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

##### A. Reporting Entity

The SAU is a municipal corporation governed by an elected Joint School Board. As required by Generally Accepted Accounting Principles, these financial statements present the SAU and applicable component units for which the SAU is considered to be financially accountable. In fiscal year 2017, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

##### B. Government-wide and Fund Financial Statements

###### Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the SAU. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. School District assessments and other items not properly included among program revenues are reported instead as *general revenues*.

###### Fund Financial Statements

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

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 a 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. General revenues include school district assessments.

Fund Financial Statements

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. Typically, revenue items are considered to be measurable and available only when cash is received by the SAU. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The SAU reports the following major governmental funds:

- The *General Fund* is the SAU's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Federal Projects Fund* accounts for the SAU's federal grants.
- The *Preschool Fund* accounts for the SAU's preschool program.

D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund.

Deposits with financial institutions consist primarily of demand deposits and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

*E. Interfund Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e., the current portion of interfund loans).

*F. Compensated Absences*

It is the SAU's policy to permit employees to accumulate earned but unused vacation pay benefits. All vested vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

*G. Long-Term Obligations*

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

*H. Fund Equity*

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

*Fund Balance* - Generally, fund balance represents the difference between the current assets and current liabilities. The SAU reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the SAU uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

*Net Position* – Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing 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. The remaining net position is reported as unrestricted.

I. Use of Estimates

The preparation of basic financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. **Stewardship, Compliance and Accountability**

A. Budgetary Information

At its annual meeting, the SAU adopts a budget for the next fiscal year. Management may transfer appropriations between operating categories as they deem necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered. In the case of emergency expenditures, overexpenditures are allowed under the provisions of the Municipal Budget Law (RSA Chapter 32) if prior approval is secured from the State Department of Education. State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end.

B. Budgetary Basis

The final appropriations appearing on the "Budget and Actual" pages of the fund financial statements represent the final amended budgets after all transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

The budgetary data for the General Fund and the Preschool Fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund and the preschool fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison with budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 2,388,958	\$ 2,290,511
Reverse Federal Projects Fund Activity	<u>(729,587)</u>	<u>(727,161)</u>
Budgetary Basis	<u>\$ 1,659,371</u>	<u>\$ 1,563,350</u>

**D. Deficit Fund Equity**

Deficit Federal Projects Funds totaling \$(24,886) exist at June 30, 2017. These deficits will be resolved by future receipts and transfers from other funds, if necessary.

**3. Cash and Short-Term Investments**

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the SAU's deposits may not be returned to it. RSA 48:16 limits "deposits in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, exception that a District with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank". The SAU does not have a deposit policy for custodial credit risk.

As of June 30, 2017, none of the SAU's bank balance was exposed to custodial credit risk as uninsured or uncollateralized.

**4. Intergovernmental Receivables and Payables**

Intergovernmental receivables and payables consist of the following:

	<u>Receivables</u>	<u>Payables</u>
Northwood School District	\$ 76,279	\$ 17,021
Nottingham School District	53,441	5,650
Strafford School District	29,866	8,150
Other governmental entities	<u>216,410</u>	<u>-</u>
Total	<u>\$ 375,996</u>	<u>\$ 30,821</u>

## 5. Interfund Fund Accounts

### Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the June 30, 2017 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 102,285	\$ -
Federal Projects Fund	-	202,370
Preschool Fund	<u>100,085</u>	<u>-</u>
Total	<u>\$ 202,370</u>	<u>\$ 202,370</u>

## 6. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the SAU that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions, in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, are more fully discussed in Note 10.

## 7. Long-Term Debt

During the year ended June 30, 2017, the following changes occurred in long-term liabilities:

	Total Balance <u>7/1/16</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>6/30/17</u>	Less Current Portion	Equals Long-Term Portion <u>6/30/16</u>
<u>Governmental Activities</u>						
Compensated absences	\$ 53,470	\$ -	\$ (18,900)	\$ 34,570	\$ -	\$ 34,570
Net OPEB obligation	54,923	20,195	(3,391)	71,727	-	71,727
Net pension liability	<u>1,438,186</u>	<u>567,634</u>	<u>-</u>	<u>2,005,820</u>	<u>-</u>	<u>2,005,820</u>
Totals	<u>\$ 1,546,579</u>	<u>\$ 587,829</u>	<u>\$ (22,291)</u>	<u>\$ 2,112,117</u>	<u>\$ -</u>	<u>\$ 2,112,117</u>

## 8. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the SAU that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. The SAU reports two items as deferred inflows of resources: one which is attributable to changes in the net pension liability, and the other which arises from the current financial resources measurement focus and the modified accrual basis of accounting in governmental funds. Deferred inflows of resources related to pension will be recognized in pension expense in future years and is more fully described in Note 10.

## 9. Fund Balances

Fund balances are segregated to account for resources that are either not available for expenditures in the future or are legally set aside for a specific future use.

The SAU has implemented GASB Statement No. 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2017:

Nonspendable – Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes reserves for inventory and prepaid expenditures.

Restricted – Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Committed – Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the SAU's highest decision-making authority (i.e., the Joint School Board). This fund balance classification includes capital reserve funds.

Assigned – Represents amounts that are constrained by the SAU's intent to use these resources for a specific purpose. This fund balance classification includes surplus set aside to be used in the subsequent year's budget.

Unassigned – Represents amounts that are available to be spent in future periods and deficit funds.



The following is a summary of fund balances at June 30, 2017:

	<u>General Fund</u>	<u>Federal Projects Fund</u>	<u>Preschool Fund</u>
Restricted:			
Remaining fund balance	\$ -	\$ 5,916	\$ 100,304
Total Restricted	-	5,916	100,304
Unassigned:			
Remaining fund balance	472,440	-	-
Funds in deficit	<u>-</u>	<u>(24,886)</u>	<u>-</u>
Total Unassigned	<u>472,440</u>	<u>(24,886)</u>	<u>-</u>
Total Fund Balances	<u>\$ 472,440</u>	<u>\$ (18,970)</u>	<u>\$ 100,304</u>

## 10. New Hampshire Retirement System

The SAU follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the State of New Hampshire Retirement System (NHRS).

### A. Plan Description

Full-time employees participate in the New Hampshire Retirement System (NHRS), a cost-sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Section 401(a) and 501(a) of the Internal Revenue Code. The 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 of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities, and school districts are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to Group I. Police officers and firefighters belong to Group II. All assets are held in a single trust and are available to each group. Additional information is disclosed in the NHRS annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

## B. Benefits Provided

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 a 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 benefit commencement date precedes the month after which the member attains 52.5 years of age by  $\frac{1}{4}$  of 1% or age 60.

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

## C. Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, for which the contribution rates are 7% for employees and teachers, 11.55% for police, and 11.80% for fire. The SAU makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 10.86% to 25.32% of covered compensation. The SAU's contributions to NHRS for the year ended June 30, 2017 were \$155,303, which was equal to its annual required contribution.

## D. Summary of Significant Accounting Policies

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 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 benefit terms. Investments are reported at fair value.

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

At June 30, 2017, the SAU reported a liability of \$2,005,820 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The SAU's proportion of the net pension liability was based on a projection of the SAU's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the SAU's proportion was 0.03630383 percent.

At June 30, 2016, the SAU's proportion was 0.03772044 percent, which was an increase of 0.00141661 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the SAU recognized pension expense of \$259,902. In addition, the SAU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion	\$ 147,576	\$ -
Changes in assumptions	246,853	-
Contributions subsequent to the measurement date	155,303	-
Net difference between projected and actual investment earnings	125,494	-
Differences between expected and actual experience	5,574	25,329
Total	<u>\$ 680,800</u>	<u>\$ 25,329</u>

\$155,303 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ (107,846)
2019	(107,846)
2020	(157,393)
2021	(121,566)
2022	<u>(5,517)</u>
Total	\$ <u><u>(500,168)</u></u>

F. Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent per year
Salary increases	5.6 percent average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the most recent actuarial experience study.

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. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation Percentage	Weighted Average Long-Term Expected Real Rate of Return
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	4.75%
Emerging Int'l Equities	7.00	6.25%
Total international equities	20.00	
Core Bonds	4.50	0.64%
Short Duration	2.50	-0.25%
Global Multi-Sector Fixed Income	11.00	1.71%
Absolute Return Fixed Income	7.00	1.08%
Total fixed income	25.00	
Private equity	5.00	6.25%
Private debt	5.00	4.75%
Opportunistic	5.00	3.68%
Total alternative investments	15.00	
Real estate	10.00	3.25%
Total	100.00 %	

**G. Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the 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 and 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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

*H. Sensitivity of the 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 7.25 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 one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate:

<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
\$ 2,577,343	\$ 2,005,820	\$ 1,531,833

*I. Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued NHRS financial report.

**11. Other Post-Employment Benefits – OPEB (GASB 45)**

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

*A. Plan Description*

In addition to providing retirement benefits, the SAU provides post-employment healthcare benefits for retired employees through the SAU's plan. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of July 1, 2016, the actuarial valuation date, 0 retirees and 21 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

*B. Benefits Provided*

The SAU provides medical insurance to retirees and their covered dependents. All active employees who retire from the SAU and meet the eligibility criteria will receive these benefits.

C. Funding Policy

Retirees contribute 100% of the cost of the health plan, as determined by the SAU. The SAU contributes the remainder of the health plan costs on a pay-as-you-go basis.

D. Annual OPEB Costs and Net OPEB Obligation

The SAU's fiscal 2017 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the SAU's annual OPEB cost for the year ending June 30, 2017, the amount actually contributed to the plan, and the change in the SAU's net OPEB obligation based on an actuarial valuation as of July 1, 2016.

Annual Required Contribution (ARC)	\$ 22,425
Interest on net OPEB obligation	2,197
Adjustment to ARC	<u>(4,427)</u>
Annual OPEB cost	20,195
Contributions made	<u>(3,391)</u>
Increase in net OPEB obligation	16,804
Net OPEB obligation - beginning of year	<u>54,923</u>
Net OPEB obligation - end of year	<u><u>\$ 71,727</u></u>

The SAU's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 20,195	17%	\$ 71,727
2016	\$ 31,064	16%	\$ 54,923
2015	\$ 28,936	0%	\$ 28,936

*E. Funded Status and Funding Progress*

The funded status of the plan as of July 1, 2016, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$	125,055
Actuarial value of plan assets		<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$	<u>125,055</u>
Funded ratio (actuarial value of plan assets/AAL)		<u>0%</u>
Covered payroll (active plan members)	\$	<u>1,150,219</u>
UAAL as a percentage of covered payroll		<u>10.9%</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*F. Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the plan as understood by the SAU and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the SAU and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016 actuarial valuation, the projected unit credit cost method was used. The actuarial value of assets was not determined, as the SAU has not advanced funded its obligation. The actuarial assumptions included a 4.0% investment rate of return. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming inflation rates of 3.10% in year 1, 9.00% in year 2, with an ultimate inflation rate of 5.00%, over 10 years.



## **12. Commitments and Contingencies**

Outstanding Legal Issues - There are several pending legal issues in which the SAU is involved. The SAU's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the SAU expects such amounts, if any, to be immaterial.

## **13. Operating Leases**

The SAU is the lessee of office space under an operating lease entered into on August 1, 2008 and expiring on July 31, 2017. The lease was extended for an additional two years after the expiration date. Total rental expenditures for the year ended June 30, 2017 were \$45,460.

The SAU was also the lessee of preschool space under an operating lease entered into on September 27, 2010 and expired on June 30, 2017. The lease was extended for an additional two years. The lease is between the SAU and Northwood School District, which is also part of the SAU. Total rental expenditures for the year ended June 30, 2017 were \$22,747.

## **14. Implementation of New GASB Standard**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, replacing requirements of Statements No. 45 and 57, effective for the SAU beginning with its year ending June 30, 2018. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, the Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specific criteria and for employers whose employees are provided with defined contribution OPEB.

**SCHOOL ADMINISTRATIVE UNIT 44**

SCHEDULE OF PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY (GASB 68)

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

(Unaudited)

**New Hampshire Retirement System**

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2015	June 30, 2014	0.03147562%	\$ 1,181,464	\$ 913,674	129.31%	66.32%
June 30, 2016	June 30, 2015	0.03630383%	\$ 1,438,186	\$ 1,094,650	131.38%	65.47%
June 30, 2017	June 30, 2016	0.03772044%	\$ 2,005,820	\$ 1,154,060	173.81%	58.30%

*Information above is presented as of the most recent measurement date.*

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

See Independent Auditors' Report.

**SCHOOL ADMINISTRATIVE UNIT 44**

SCHEDULE OF CONTRIBUTIONS (GASB 68)

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

(Unaudited)

**New Hampshire Retirement System**

---

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2015	\$ 121,795	\$ 121,795	\$ -	\$ 1,094,650	11.13%
June 30, 2016	\$ 135,069	\$ 135,069	\$ -	\$ 1,154,060	11.70%
June 30, 2017	\$ 155,303	\$ 155,303	\$ -	\$ 1,216,119	12.77%

*Information above is presented as of the current fiscal year.*

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

See Independent Auditors' Report.

**SCHOOL ADMINISTRATIVE UNIT 44**

SCHEDULE OF OPEB FUNDING PROGRESS (GASB 45)

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

(Unaudited)

**Other Post-Employment Benefits**

---

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
07/01/14	\$ -	\$ 168,612	\$ 168,612	0.0%	\$ 1,115,998	15.1%
07/01/16	\$ -	\$ 125,055	\$ 125,055	0.0%	\$ 1,150,219	10.9%

See Independent Auditors' Report.