SCHOOL ADMINISTRATIVE UNIT #24

Financial Statements

June 30, 2023

and

Independent Auditor's Report

SCHOOL ADMINISTRATIVE UNIT #24
FINANCIAL STATEMENTS
June 30, 2023

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VACHON CLUKAY
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INDEPENDENT AUDITOR'S REPORT

To the SAU Board
School Administrative Unit #24

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School Administrative Unit #24 (the "SAU"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the SAU's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of School Administrative Unit #24, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of School Administrative Unit #24, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the SAU's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of School Administrative Unit #24's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about School Administrative Unit #24's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the SAU's proportionate share of the net OPEB liability, schedule of SAU OPEB contributions, schedule of changes in the SAU's total OPEB liability and related ratios, schedule of changes in the SAU's proportionate share of the net pension liability, and schedule of SAU pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Vachon Clukay & Company PC

Manchester, New Hampshire
January 24, 2025

SCHOOL ADMINISTRATIVE UNIT #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023 AND JUNE 30, 2022

Presented herewith, please find the Management Discussion & Analysis Report for the School Administrative Unit #24 for the fiscal year ending June 30, 2023. The responsibility for accuracy of the data, the completeness and fairness of this documentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material aspects. This report and its content have been designed to fairly present the SAU's financial position, including the result of operations of all the funds of the SAU. All the disclosures necessary to enable and to assist the reader in acquiring an accurate understanding of the SAU's financial activities have been included.

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

Overview of the Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

The SAU maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balance for the General Fund which is considered a major fund.

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

Notes to the Basic Financial Statements

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

Government-Wide Financial Analysis

Statement of Net Position

Net position of the SAU as of June 30, 2023 and 2022 are as follows:

	Governmental Activities 2023	Governmental Activities 2022
Current Assets	$ 1,396,929	$ 372,044
Depreciable capital assets, net	311,462	350,395
Total Assets	1,708,391	722,439
Deferred Outflows of Resources	580,087	639,812
Long-term and other liabilities:		
Long-term liabilities	2,177,216	2,239,348
Other Liabilities	1,153,406	90,413
Total Liabilities	3,330,622	2,329,761
Deferred Inflows of Resources	585,533	834,829
Net Position:		
Restricted	1,470	1,470
Unassigned	(1,629,147)	(1,803,809)
Total Net Position	$ (1,627,677)	$ (1,802,339)

Statement of Activities

Changes in net position for fiscal year 2023 and 2022 are as follows:

SCHOOL ADMINISTRATIVE UNIT #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023 AND JUNE 30, 2022

	2023	2022
Program revenues:		
Charges for services	$ 45,430	$ 40,483
Operating grants and contributions		49,753
Total program revenues	45,430	90,236
General revenues:		
Member assessments	1,580,215	1,562,469
Interest and investment earnings	9,175	271
Intergovernmental	4,964	
Miscellaneous revenues	74,127	57,813
Total general revenues	1,668,481	1,620,553
Total revenues	1,713,911	1,710,789
Expenses:		
Instruction		38,574
Instructional staff services	48,916	46,005
General administration	741,640	751,997
Business	641,069	628,584
Operation and maintenance of plant	97,464	92,361
Transportation	10,160	10,217
Total expenses	1,539,249	1,567,738
Change in net position	174,662	143,051
Net position, beginning of year	(1,802,339)	(1,945,390)
Net position, end of year	$ (1,627,677)	$ (1,802,339)

SAU Activities

As shown in the above statement the SAU experienced an increase of $174,662 in its financial position. Significant changes occurred over the 21-22 fiscal year and were fully realized in the 22-23 fiscal year around federal grant administration. This change results in the significant decrease shown in revenues and expenses.

Capital Assets

School Administrative Unit #24 considers a capital asset to be an asset whose costs exceed or equal $10,000 and has a useful life of greater than one year. Assets are depreciated using the straight-line method over the course of their useful life. See Note 4 in the Basic Financial Statements for a summary of all capital asset activity.

Long-Term Debt

The SAU has a long-term obligation for a lease liability related to the rental of the SAU office space.

Economic Factors

This budget consists predominately of staffing and utilities, these costs increased significantly. The beginning of 22-23 saw numerous key personnel leave for their next opportunities and hiring to replace them for the budget we had proved challenging.

Contacting SAU's Financial Management

This financial report is intended to provide our citizens and creditors with a general overview of School Administrative Unit #24's finances and to show accountability for the money it receives. If you have questions about this report or need to get additional information, contact SAU #24 Financial Office at 258 Western Avenue, Henniker NH 03242, telephone (603) 428-3269.

EXHIBIT A
SCHOOL ADMINISTRATIVE UNIT #24
Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 149,919
Due from other governments	1,217,818
Prepaid items	29,192
Total Current Assets	1,396,929
Noncurrent Assets:	
Capital assets:	
Depreciable capital assets, net	311,462
Total Noncurrent Assets	311,462
Total Assets	1,708,391
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	11,254
Deferred outflows related to pension	568,833
Total Deferred Outflows of Resources	580,087
LIABILITIES	
Current Liabilities:	
Accounts payable	125,569
Accrued liabilities	47,342
Due to other governments	944,595
Current portion of lease liability	35,900
Total Current Liabilities	1,153,406
Noncurrent Liabilities:	
Lease liability	283,805
OPEB liability	119,616
Net pension liability	1,773,795
Total Noncurrent Liabilities	2,177,216
Total Liabilities	3,330,622
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB	13,821
Deferred inflows related to pension	571,712
Total Deferred Inflows of Resources	585,533
NET POSITION	
Restricted	1,470
Unrestricted (deficit)	(1,629,147)
Total Net Position	$ (1,627,677)

See accompanying notes to the basic financial statements

EXHIBIT B
SCHOOL ADMINISTRATIVE UNIT #24
Statement of Activities
For the Year Ended June 30, 2023

		Program Revenues	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Governmental Activities
Governmental Activities:			
Instructional staff services	$ 48,916	$ 45,430	$ (3,486)
General administration	741,640		(741,640)
Business	641,069		(641,069)
Operation and maintenance of plant	97,464		(97,464)
Interest and fiscal charges	10,160		(10,160)
	$ 1,539,249	$ 45,430	(1,493,819)
General revenues:			
Member assessments			1,580,215
Intergovernmental			4,964
Interest income			9,175
Miscellaneous			74,127
Total general revenues			1,668,481
Change in net position			174,662
Net Position at beginning of year			(1,802,339)
Net Position at end of year			$ (1,627,677)

See accompanying notes to the basic financial statements

EXHIBIT C

SCHOOL ADMINISTRATIVE UNIT #24

Balance Sheet

Governmental Funds

June 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash and cash equivalents	$ 149,919		$ 149,919
Due from other governments	1,156,596	$ 61,222	1,217,818
Due from other funds	43,848		43,848
Prepaid items	29,192		29,192
Total Assets	1,379,555	61,222	1,440,777
Deferred Outflows of Resources:			
Total Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	$ 1,379,555	$ 61,222	$ 1,440,777
Liabilities:			
Accounts payable	$ 125,569		$ 125,569
Accrued liabilities	47,342		47,342
Due to other governments	944,595		944,595
Due to other funds		$ 43,848	43,848
Total Liabilities	1,117,506	43,848	1,161,354
Deferred Inflows of Resources:			
Total Deferred Inflows of Resources	-	-	-
Fund Balances:			
Restricted		1,470	1,470
Assigned		15,904	15,904
Unassigned	262,049		262,049
Total Fund Balances	262,049	17,374	279,423
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,379,555	$ 61,222	$ 1,440,777

See accompanying notes to the basic financial statements

EXHIBIT C-1

SCHOOL ADMINISTRATIVE UNIT #24

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

June 30, 2023

Total Fund Balances - Governmental Funds (Exhibit C)	$ 279,423
Amounts reported for governmental activities in the statement of net position are different because:	
Intangible right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	311,462
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources related to OPEB	11,254
Deferred outflows of resources related to pension	568,833
Deferred inflows of resources related to OPEB	(13,821)
Deferred inflows of resources related to pension	(571,712)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Lease liability	(319,705)
OPEB liability	(119,616)
Net pension liability	(1,773,795)
Net Position of Governmental Activities (Exhibit A)	$ (1,627,677)

See accompanying notes to the basic financial statements

EXHIBIT D

SCHOOL ADMINISTRATIVE UNIT #24

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2023

	General Fund	Nonmajor Governmental Fund	Total Governmental Funds
Revenues:			
Member assessments	$ 1,580,215		$ 1,580,215
Intergovernmental	4,964		4,964
Charges for services		$ 45,430	45,430
Interest income	9,175		9,175
Miscellaneous	74,127		74,127
Total Revenues	1,668,481	45,430	1,713,911
Expenditures:			
Current operations:			
Instructional staff services		49,093	49,093
General administration	863,479		863,479
Business	744,856		744,856
Operation and maintenance of plant	103,531		103,531
Total Expenditures	1,711,866	49,093	1,760,959
Net change in fund balances	(43,385)	(3,663)	(47,048)
Fund Balances at beginning of year	305,434	21,037	326,471
Fund Balances at end of year	$ 262,049	$ 17,374	$ 279,423

See accompanying notes to the basic financial statements

EXHIBIT D-1
SCHOOL ADMINISTRATIVE UNIT #24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances - Governmental Funds (Exhibit D)	$	(47,048)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. Capital outlays and depreciation and amortization expense in the current period are as follows:		
Amortization expense		(38,933)
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Repayments in the current year are as follows:		
Lease principal paid		34,840
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		10,000
Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.		
Net changes in OPEB		58,472
Net changes in pension		157,331
Change in Net Position of Governmental Activities (Exhibit B)	$	174,662

See accompanying notes to the basic financial statements

SCHOOL ADMINISTRATIVE UNIT #24
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the School Administrative Unit #24 conform to accounting principles generally accepted in the United States of America for local educational units of government, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The School Administrative Unit #24 (SAU) is an independent governmental entity organized under the laws of the State of New Hampshire to provide administrative services to Weare, Henniker, Stoddard, and John Stark Regional School Districts. The SAU's legislative body consists of School Board members from the member Districts. The SAU has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

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

1. **Government-Wide Financial Statements:**

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

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

2. **Fund Financial Statements:**

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

Fund Accounting

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

1. **Governmental Funds:**

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

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

Measurement Focus

1. **Government-Wide Financial Statements:**

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

2. **Fund Financial Statements:**

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

Basis of Accounting

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

1. **Revenues – Exchange and Non-exchange Transactions:**

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

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

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

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

2. **Expenses/Expenditures:**

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

Budgetary Data

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

State law requires balanced budgets but allows the use of beginning fund balance to reduce the member assessments. For the year ended June 30, 2023, the SAU applied $60,000 of its unassigned fund balance to reduce member assessments.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The SAU maintains a capitalization threshold of $10,000. The SAU does not possess any infrastructure or intangible assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Asset Type	Years
Accounting software and equipment	3-5

Lease Liabilities and Leased Assets

Lease liabilities are measured at the present value of payments expected to be made during the lease term. Leased assets are measured at the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs and are amortized on a straight line basis over the life of the related lease.

Compensated Absences

SAU employees may accumulate sick leave days at a rate of 15 days per year, cumulative to a maximum of 90 days. The SAU will buy back up to 30 accumulated sick days at a maximum of $10,000. Payment for unused sick leave is made upon termination if the employee has been there for at least 15 years and provides written notice of intent to retire by November 1st of the year prior to anticipated retirement. Provision for sick leave is made in the annual budget. Certain support staff earn vacation at ten to twenty days per year dependent on length of service. Vacation must be taken within ninety days of year end or is forfeited.

Accrued Liabilities and Long-Term Obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

Pensions

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

Net Position

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

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

Fund Balance Policy

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

- *Non-spendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance*: Amounts constrained to specific purposes by their providers through constitutional provisions or by enabling legislation.
- *Committed Fund Balance*: Amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

- Assigned Fund Balance: Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned Fund Balance: Amounts that are available for any purpose; these amounts are reported only in the General Fund, with the exception of any deficit balance of another governmental fund.

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

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/ expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/ expenses to the funds that initially paid for them are not presented in the financial statements.

Estimates

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

NOTE 2—DEPOSITS

The SAU's investment policy for governmental funds requires that deposits and investments be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The SAU's deposits with financial institutions consist solely of demand deposits.

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

Cash and cash equivalents	$ 149,919

Deposits as of June 30, 2023 consist of the following:

Deposits with financial institutions	$ 149,919

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the SAU's deposits may not be returned. The SAU requires that all deposits be either insured or collateralized by securities. Of the SAU's deposits with financial institutions at year end, $367,037 was collateralized by securities held by the bank in the bank's name.

NOTE 3—CAPITAL ASSETS

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

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023
Capital assets:				
Accounting software and equipment	$ 88,703			$ 88,703
Leased building	389,328			389,328
Total capital assets at historical cost	478,031	$ -	$ -	478,031
Less accumulated depreciation for:				
Accounting software and equipment	(88,703)			(88,703)
Less accumulated amortization for:				
Leased building	(38,933)	(38,933)		(77,866)
Total accumulated depreciation and amortization	(127,636)	(38,933)	-	(166,569)
Total capital assets, net	$ 350,395	$ (38,933)	$ -	$ 311,462

Amortization was charged to governmental functions as follows:

Operation and maintenance of plant	$ 38,933

NOTE 4—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the SAU's long-term obligations for the year ended June 30, 2023 are as follows:

Type	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Amounts Due Within One Year
Lease liability	$ 354,545		$ (34,840)	$ 319,705	$ 35,900
Compensated absences	10,000		(10,000)	-	-
	$ 364,545	$ -	$ (44,840)	$ 319,705	$ 35,900

Payments on the compensated absences and lease are paid out of the General Fund.

Lease Liability

Lease obligations represent contracts that convey control of the right to use another entity's nonfinancial asset for a specified period of time. The following is the individual lease liability outstanding at June 30, 2023:

Description of Asset	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance at June 30, 2023
SAU Office Space	July 2021	Monthly	$ 3,750	3.00%	$ 354,545	$ 319,705

During 2021, the SAU entered into a 10-year lease agreement for its office space, the lease does not contain an option to extend.

Annual requirements to amortize lease obligations and related interest at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2024	$ 35,900	$ 9,100	$ 45,000
2025	36,992	8,008	45,000
2026	38,117	6,883	45,000
2027	39,276	5,724	45,000
2028	40,471	4,529	45,000
2029 - 2031	128,949	6,051	135,000
	$ 319,705	$ 40,295	$ 360,000

NOTE 5—OTHER POSTEMPLOYMENT BENEFITS

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

	Deferred Outflows	OPEB Liability	Deferred Inflows	OPEB Expense
Cost-Sharing Multiple Employer Plan	$ 11,254	$ 69,791		$ (39,453)
Single Employer Plan		49,825	$ 13,821	(7,394)
Total	$ 11,254	$ 119,616	$ 13,821	$ (46,847)

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as a decrease to unrestricted net position in the amount of $2,567.

COST-SHARING MULTIPLE EMPLOYER PLAN

Plan Description

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

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

The OPEB Plan is divided into four membership types. Political subdivision employees, teachers and State employees belong to Group I. Police officers and firefighters belong to Group II. The OPEB plan is closed to new entrants.

Benefits Provided

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

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of $375.56 for a single person plan and $751.12 for a two-person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of $236.84 for a single person plan and $473.68 for a two-person plan.

Funding Policy

Per RSA 100-A:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The SAU's contribution rates for the covered payroll of political subdivision employees and teachers were 0.31% and 1.54%, respectively, for the year ended June 30, 2023. Contributions to the OPEB plan for the SAU were $11,063 for the year ended June 30, 2023. Employees are not required to contribute to the OPEB plan.

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

At June 30, 2023, the SAU reported a liability of $69,791 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2021. The SAU's proportion of the net OPEB liability was based on actual contributions by the SAU during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2022, the SAU's proportion was approximately 0.0185 percent, which was a decrease of 0.0103 percentage points from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the SAU recognized negative OPEB expense of ($39,453). At June 30, 2023, the SAU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ 191	
SAU contributions subsequent to the measurement date	11,063	
Totals	$ 11,254	$ -

The SAU reported $11,063 as deferred outflows of resources related to OPEB resulting from SAU contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

June 30,	
2023	$ 32
2024	8
2025	(75)
2026	226
	$ 191

Actuarial Assumptions

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

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

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

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

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

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

The discount rate used to measure the collective total OPEB liability as of June 30, 2023 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and RSA 100-A:53. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

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

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

	1% Decrease	Current	1% Increase
Net OPEB liability	$ 75,770	$ 69,791	$ 64,584

SINGLE EMPLOYER PLAN

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

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

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

Total OPEB Liability

The SAU's total OPEB liability of $49,825 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs for OPEB

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

Salary increases	3.00%
Discount rate	3.54%
Healthcare cost trend rates	Initial rate of 13.0%, decreasing to 7.00% for 2022, then decreasing to an ultimate rate of 4.24% by year 2090

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

Mortality rates were based on the Pub-2010 Total Dataset Mortality with Scale MP-2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2022	$ 45,835
Changes for the year:	
Service cost	2,938
Interest	1,613
Benefit payments	(561)
Net changes	3,990
Balance at June 30, 2023	$ 49,825

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

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

	1% Decrease	Current	1% Increase
Total OPEB liability	$ 54,031	$ 49,825	$ 45,880

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

The following presents the total OPEB liability of the SAU, as well as what the SAU's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower than the current healthcare cost trend rate:

	1% Decrease	Current	1% Increase
Total OPEB liability	$ 43,431	$ 49,825	$ 57,458

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

For the year ended June 30, 2023, the SAU recognized negative OPEB expense of ($7,394). At June 30, 2023, the SAU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$ 5,580
Changes of assumptions		8,241
Totals	$ -	$ 13,821

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

June 30,	
2024	$ (13,821)

NOTE 6—DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Substantially all full-time state and local 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 Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

Benefits Provided

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

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

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

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

Funding Policy

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

June 30, 2023. The SAU contributes 100% of the employer cost for teachers and general employees of the SAU.

Per RSA 100-A:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The SAU's pension contributions to the NHRS for the year ended June 30, 2023, were $241,620.

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

At June 30, 2023, the SAU reported a liability of $1,773,795 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2021. The SAU's proportion of the net pension liability was based on actual contributions by the SAU during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2022, the SAU's proportion was approximately 0.0309 percent, which was a decrease of 0.0088 percentage points from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the SAU recognized pension expense of $84,289. At June 30, 2023, the SAU reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 33,291	$ 6,809
Changes of assumptions	94,352	
Net difference between projected and actual earnings on pension plan investments	67,225	
Changes in proportion and differences between SAU contributions and proportionate share of contributions	132,345	564,903
SAU contributions subsequent to the measurement date	241,620	
Totals	$ 568,833	$ 571,712

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as a decrease to unrestricted net position in the amount of $2,879. The SAU reported $241,620 as deferred outflows of resources related to pension resulting from SAU contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense for the measurement periods as follows:

Year ended June 30,	
2023	$ (19,068)
2024	(52,240)
2025	(187,194)
2026	14,003
	$ (244,499)

Actuarial Assumptions

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

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.40%, average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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

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

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

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

Discount Rate

The discount rate used to measure the collective pension liability as of June 30, 2022 was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments 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 collective pension liability.

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

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

	1% Decrease	Current	1% Increase
SAU's proportionate share of the net pension liability	$ 2,379,986	$ 1,773,795	$ 1,269,804

NOTE 7—INTERFUND BALANCES

The SAU has combined the cash resources of its General Fund and Nonmajor Governmental Funds. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. At June 30, 2023 the SAU had the following interfund balances:

		Due from Nonmajor Governmental Funds
Due to	General Fund	$ 43,848

NOTE 8—RESTRICTED NET POSITION

Net position of governmental activities is restricted for specific purposes at June 30, 2023 as follows:

Federal Projects Fund - Donations	$ 1,470

NOTE 9—COMPONENTS OF FUND BALANCE

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

Fund Balances	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for:			
Donations		$ 1,470	$ 1,470
Assigned for:			
SAU University		15,904	15,904
Unassigned	$ 262,049		262,049
	$ 262,049	$ 17,374	$ 279,423

NOTE 10—RISK MANAGEMENT

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

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

Property and Liability Insurance

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

Worker's Compensation

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

NOTE 11—CONTINGENT LIABILITIES

Litigation

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

NOTE 12—CHANGE IN ACCOUNTING PRINCIPLE

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

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

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

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

SCHEDULE 1

SCHOOL ADMINISTRATIVE UNIT #24

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budgetary Basis) - General Fund

For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget - Favorable
	Original	Final	Actual Amounts	(Unfavorable)
Revenues:				
Member assessments	$ 1,580,390	$ 1,580,390	$ 1,580,215	$ (175)
Intergovernmental			4,964	4,964
Interest income	200	200	9,175	8,975
Miscellaneous	28,200	28,200	74,127	45,927
Total Revenues	1,608,790	1,608,790	1,668,481	59,691
Expenditures:				
Current operations:				
General administration	841,538	841,538	860,597	(19,059)
Business	721,914	721,914	744,856	(22,942)
Operation and maintenance of plant	105,338	105,338	103,531	1,807
Total Expenditures	1,668,790	1,668,790	1,708,984	(40,194)
Net change in fund balance	(60,000)	(60,000)	(40,503)	19,497
Fund Balances at beginning of year - Budgetary Basis	302,552	302,552	302,552	-
Fund Balances at end of year - Budgetary Basis	$ 242,552	$ 242,552	$ 262,049	$ 19,497

See accompanying notes to the required supplementary information

SCHEDULE 2

SCHOOL ADMINISTRATIVE UNIT #24

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

For the Year Ended June 30, 2023

	Cost-Sharing Multiple Employer Plan Information Only				
Measurement Period Ended	SAU's Proportion of the Net OPEB Liability	SAU's Proportionate Share of the Net OPEB Liability	SAU's Covered Payroll	SAU's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2022	0.01846873%	$ 69,791	$ 1,160,589	6.01%	10.64%
June 30, 2021	0.02875448%	$ 115,149	$ 1,371,596	8.40%	11.06%
June 30, 2020	0.03475435%	$ 152,123	$ 1,533,530	9.92%	7.74%
June 30, 2019	0.02652952%	$ 116,308	$ 1,341,546	8.67%	7.75%
June 30, 2018	0.02225715%	$ 101,903	$ 1,247,417	8.17%	7.53%
June 30, 2017	0.02613123%	$ 119,481	$ 1,243,642	9.61%	7.91%
June 30, 2016	0.02232984%	$ 108,100	$ 1,214,194	8.90%	5.21%
June 30, 2015	*	*	*	*	*
June 30, 2014	*	*	*	*	*
June 30, 2013	*	*	*	*	*

* 10 Year schedule, historical information not available

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

SCHEDULE 3

SCHOOL ADMINISTRATIVE UNIT #24

Schedule of SAU OPEB Contributions

For the Year Ended June 30, 2023

	Cost-Sharing Multiple Employer Plan Information Only				
Year Ended	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	SAU's Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2023	$ 11,063	$ (11,063)	$ -	$ 1,544,693	0.72%
June 30, 2022	$ 7,777	$ (7,777)	$ -	$ 1,160,589	0.67%
June 30, 2021	$ 13,818	$ (13,818)	$ -	$ 1,371,596	1.01%
June 30, 2020	$ 16,131	$ (16,131)	$ -	$ 1,533,530	1.05%
June 30, 2019	$ 12,105	$ (12,105)	$ -	$ 1,341,546	0.90%
June 30, 2018	$ 9,845	$ (9,845)	$ -	$ 1,247,417	0.79%
June 30, 2017	$ 15,488	$ (15,488)	$ -	$ 1,243,642	1.25%
June 30, 2016	$ 13,210	$ (13,210)	$ -	$ 1,214,194	1.09%
June 30, 2015	*	*	*	*	*
June 30, 2014	*	*	*	*	*

* 10 Year schedule, historical information not available

SCHEDULE 4
SCHOOL ADMINISTRATIVE UNIT #24
Schedule of Changes in the SAU's Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2023

Single Employer Plan Information Only	2023	2022	2021	2020	2019	2018	2016	2015	2014	2013
Total OPEB Liability:										
Service cost	$ 2,938	$ 2,838	$ 4,536	$ 4,438	$ 2,953	$ 2,895	*	*	*	*
Interest	1,613	1,479	1,758	1,634	1,773	1,730	*	*	*	*
Changes of assumptions or other inputs	-	(25,965)	-	23,506	-	-	*	*	*	*
Differences between expected and actual experience	-	(17,578)	-	(1,987)	(882)	(2,044)	*	*	*	*
Benefit payments	(561)	(542)	(469)	(459)	(1,470)	(1,255)	*	*	*	*
Net change in total OPEB liability	3,990	(39,768)	5,825	27,132	2,374	1,326	*	*	*	*
Total OPEB Liability at beginning of year	45,835	85,603	79,778	52,646	50,272	48,946	*	*	*	*
Total OPEB Liability at end of year	$ 49,825	$ 45,835	$ 85,603	$ 79,778	$ 52,646	$ 50,272	*	*	*	*
Covered employee payroll	$ 1,159,824	$ 1,104,594	$ 989,597	$ 970,193	$ 940,860	$ 940,860	*	*	*	*
Total OPEB liability as a percentage of covered employee payroll	4.30%	4.15%	8.65%	8.22%	5.60%	5.34%	*	*	*	*
Significant Actuarial Assumptions										
Discount rate	3.54%	3.54%	2.21%	2.21%	3.58%	3.58%	*	*	*	*
Health cost trend rates:										
Initial	13.0% - 2021	13.0% - 2021	(2.70%) - 2019	(2.70%) - 2019	(0.10%) - 2017	(0.10%) - 2017	*	*	*	*
Ultimate	4.24% - 2090	4.24% - 2090	5.0% - 2030	5.0% - 2030	5.0% - 2028	5.0% - 2028	*	*	*	*
Mortality data set	Pub-2010	Pub-2010	SOA RP-2014	SOA RP-2014	RP-2000	RP-2000	*	*	*	*
Mortality improvement scale	MP-2021	MP-2021	MP-2019	MP-2019	AA	AA	*	*	*	*

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

* 10 Year schedule, historical information not available

SCHEDULE 5

SCHOOL ADMINISTRATIVE UNIT #24

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

For the Year Ended June 30, 2023

Measurement Period Ended	SAU's Proportion of the Net Pension Liability	SAU's Proportionate Share of the Net Pension Liability	SAU's Covered Payroll	SAU's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2022	0.03092320%	$ 1,773,795	$ 1,160,589	152.84%	65.12%
June 30, 2021	0.03968166%	$ 1,758,659	$ 1,371,596	128.22%	72.22%
June 30, 2020	0.04640016%	$ 2,967,824	$ 1,533,530	193.53%	58.72%
June 30, 2019	0.04048057%	$ 1,947,785	$ 1,341,546	145.19%	65.59%
June 30, 2018	0.03760892%	$ 1,810,946	$ 1,247,417	145.18%	64.73%
June 30, 2017	0.03938682%	$ 1,937,041	$ 1,243,642	155.76%	62.66%
June 30, 2016	0.03925418%	$ 2,087,378	$ 1,214,194	171.91%	58.30%
June 30, 2015	0.03258129%	$ 1,290,717	$ 1,009,217	127.89%	65.47%
June 30, 2014	0.02925447%	$ 1,098,092	$ 887,177	123.77%	66.32%
June 30, 2013	0.02727660%	$ 1,173,926	$ 792,407	148.15%	59.81%

Significant Actuarial Assumptions

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

See accompanying notes to the required supplementary information

SCHEDULE 6
SCHOOL ADMINISTRATIVE UNIT #24
Schedule of SAU Pension Contributions
For the Year Ended June 30, 2023

Year Ended	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	SAU's Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2023	$ 241,620	$ (241,620)	$ -	$ 1,544,693	15.64%
June 30, 2022	$ 179,050	$ (179,050)	$ -	$ 1,160,589	15.43%
June 30, 2021	$ 182,309	$ (182,309)	$ -	$ 1,371,596	13.29%
June 30, 2020	$ 206,129	$ (206,129)	$ -	$ 1,533,530	13.44%
June 30, 2019	$ 176,093	$ (176,093)	$ -	$ 1,341,546	13.13%
June 30, 2018	$ 158,957	$ (158,957)	$ -	$ 1,247,417	12.74%
June 30, 2017	$ 143,234	$ (143,234)	$ -	$ 1,243,642	11.52%
June 30, 2016	$ 138,517	$ (138,517)	$ -	$ 1,214,194	11.41%
June 30, 2015	$ 109,306	$ (109,306)	$ -	$ 1,009,217	10.83%
June 30, 2014	$ 94,908	$ (94,908)	$ -	$ 887,177	10.70%

See accompanying notes to the required supplementary information

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

General Fund

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

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Exhibit D	$ 1,668,481	$ 1,711,866
Encumbrances - June 30, 2022		(2,882)
Schedule 1	$ 1,668,481	$ 1,708,984