

# SCHOOL ADMINISTRATIVE UNIT NO. 34

## FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022

**SCHOOL ADMINISTRATIVE UNIT NO. 34  
FINANCIAL REPORT  
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# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT

To the Members of the School Administrative Unit Board  
School Administrative Unit No. 34  
Hillsborough, New Hampshire

### Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of the School Administrative Unit No. 34 as of June 30, 2022, and the related notes to the financial statements, which collectively comprise the School Administrative Unit's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the School Administrative Unit as of June 30, 2022 and the respective changes in financial position, and the budgetary comparison for the General Fund, 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 the School Administrative Unit and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement 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; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the School Administrative Unit'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 statement 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 of the audit in order the design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Administrative Unit'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 the School Administrative Unit'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 pension and OPEB schedules on pages 3-7 and 28-31 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 and economic 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.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Administrative Unit's basic financial statements. The individual general fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. They are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual general fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

February 24, 2023

*Roberts & Heene, PLLC*

**SCHOOL ADMINISTRATIVE UNIT #34  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2022**

Presented herewith please find the Management Discussion & Analysis Report for School Administrative Unit #34 (the SAU) for the fiscal year ending June 30, 2022. The responsibility for accuracy of the data, the completeness and fairness of this documentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material aspects. This report and its content have been designed to fairly present the SAU's financial position, including the results of operations of all the funds of the SAU. All the disclosures necessary to enable and to assist the reader in acquiring an accurate understanding of the SAU's financial activities have been included.

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

**Overview of the Financial Statements**

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

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

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

***Government-Wide Financial Statements***

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

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

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

***Fund Financial Statements***

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

**SCHOOL ADMINISTRATIVE UNIT #34  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2022**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, our readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental activities Statement of Net Position and Statement of Activities.

The SAU maintains one governmental fund. Information is presented separately in the governmental funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the SAU's sole governmental fund.

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

***Notes to the Basic Financial Statements***

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

***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

**Financial Highlights**

As of the close of the fiscal year, total assets and deferred outflows of resources were less than total liabilities and deferred inflows of resources by \$627,249 (i.e., deficit net position), a decrease in the deficit of \$84,430 from the previous fiscal year.

The General Fund shows an ending fund balance of \$191,911, an increase of \$13,617 from the previous year.

**SCHOOL ADMINISTRATIVE UNIT #34  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2022**

Government-Wide Financial Analysis

Statement of Net Position for the fiscal years ending June 30, 2022 and 2021:

	<u>Governmental Activities</u>	
	<u>FY 2022</u>	<u>FY 2021</u>
Current and other assets	\$ 192,352	\$ 180,714
Capital assets	4,120	8,239
Total assets	196,472	188,953
Deferred outflows of resources	240,571	332,846
Current liabilities	441	731
Noncurrent liabilities	782,636	1,136,078
Total liabilities	783,077	1,136,809
Deferred inflows of resources	281,215	94,980
Net investment of capital assets	4,120	8,239
Unrestricted	(631,369)	(718,229)
Total net position	\$ (627,249)	\$ (709,990)

Statement of Activities for the fiscal years ending June 30, 2022 and 2021:

	<u>Governmental Activities</u>	
	<u>FY 2022</u>	<u>FY 2021</u>
Revenues:		
Program revenues:		
Charges for services	\$ 45,765	\$ 28,021
General revenues:		
School Districts' assessments	1,185,198	1,172,700
Miscellaneous revenue	12,441	6,016
Total revenues	1,243,404	1,206,737
Expenses:		
Executive administration	1,158,974	1,208,714
Change in net position	84,430	(1,977)
Net position, beginning	(709,990)	(708,013)
Prior year restatement	(1,689)	-
Net position, ending	\$ (627,249)	\$ (709,990)

**SCHOOL ADMINISTRATIVE UNIT #34  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2022**

***Financial Analysis***

**Government-Wide**

As noted in the above, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position (deficit) was (\$627,249), a decrease of \$84,430 from the previous year. See page 15 of the Basic Financial Statements for a detailed reconciliation between the government-wide and fund financial statements change in net position.

At year end the SAU's net investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding was \$4,120. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay any outstanding debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. It should be noted that the SAU does not have any outstanding debt as of the current fiscal year end.

The unrestricted net position (deficit) balance of (\$627,249) represents what is available to meet the government's ongoing obligations to its citizens and creditors.

**Governmental Funds**

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

As of June 30, 2022, the General Fund reported ending fund balances of \$191,911, an increase of \$13,617 in comparison with the previous year.

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

Please see Note I.C.4 of the Notes to Basic Financial Statements for additional information on components of fund balance.

**General Fund Budgetary Highlights**

Budgetary information for the major governmental funds (General Fund only, see below) is included in the Required Supplementary Information section following the notes to the financial statements.

Actual revenues on the budgetary basis were greater than the budgeted amounts by \$58,087. Actual expenditures on the budgetary basis were \$12,239 less than expected. See Exhibit 7 on page 16 for additional budgetary comparison information.



**SCHOOL ADMINISTRATIVE UNIT #34  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2022**

**Capital Assets**

The SAU considers a capital asset to be an asset whose cost equals or exceeds \$500 and has a useful life of greater than two years. Assets are depreciated using the straight-line method over the course of their useful life. The SAU had no additions in the current year and depreciation expense of \$4,119, resulting in a net decrease in capital assets of \$4,119. See Note III.A.1. in the notes to the basic financial statements for additional information on the capital assets activity.

**Long-Term Obligations**

During fiscal year 2022, compensated absences payable had a net decrease in potential future payments of \$5,251. The liabilities for other postemployment benefits and pension had a net decreases in potential future payments of \$18,719 and \$329,472, respectively. See Note III.B. in the Notes to the Basic Financial Statements for additional information on the SAU's long-term obligations.

**Contacting SAU's Financial Management**

This financial report serves to provide our citizens and creditors with a general overview of the SAU's finances and to show accountability for the money it receives. If you have questions about this report or additional information, contact SAU #34 Business Office at PO Box 2190, 78 School Street, Hillsboro, NH 03244.

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**SCHOOL ADMINISTRATIVE UNIT NO. 34**  
**Statement of Net Position**  
**June 30, 2022**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 192,352
Capital assets, net of accumulated depreciation:	
Machinery and equipment	4,120
Total assets	<u>196,472</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	230,733
Deferred amounts related to OPEB	9,838
Total deferred outflows of resources	<u>240,571</u>
<b>LIABILITIES</b>	
Accounts payable	441
Noncurrent obligations:	
Due in more than one year:	
Compensated absences payable	14,507
Net pension liability	712,057
OPEB liability	56,072
Total liabilities	<u>783,077</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	258,025
Deferred amounts related to OPEB	23,190
Total deferred inflows of resources	<u>281,215</u>
<b>NET POSITION</b>	
Net investment in capital assets	4,120
Unrestricted	(631,369)
Total net position	<u>\$ (627,249)</u>

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

**EXHIBIT 2**  
**SCHOOL ADMINISTRATIVE UNIT NO. 34**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2022**

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes In Net Position</u>
<b>Governmental activities:</b>			
Support services:			
Executive administration	<u>\$ 1,158,974</u>	<u>\$ 45,765</u>	<u>\$ (1,113,209)</u>
General revenues:			
School districts' assessment			1,185,198
Miscellaneous			<u>12,441</u>
Total general revenues			<u>1,197,639</u>
Change in net position			84,430
Net position, beginning, as restated, see Note III.C.			<u>(711,679)</u>
Net position, ending			<u><u>\$ (627,249)</u></u>

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

**EXHIBIT 3**  
**SCHOOL ADMINISTRATIVE UNIT NO. 34**  
**Balance Sheet**  
**General Fund**  
**June 30, 2022**

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**ASSETS**

Cash and cash equivalents	<u>\$ 192,352</u>
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**LIABILITIES AND FUND BALANCE**

Liabilities:

Accounts payable	\$ 441
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Fund balance:

Unassigned	191,911
Total liabilities and fund balance	<u>\$ 192,352</u>

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

**EXHIBIT 4**  
**SCHOOL ADMINISTRATIVE UNIT NO. 34**  
**Reconciliation of Total General Fund Balance to the Statement of Net Position**  
**June 30, 2022**

Total fund balance of general fund (Exhibit 3)		\$ 191,911
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.		
Cost	\$ 12,358	
Less accumulated depreciation	<u>(8,238)</u>	
		4,120
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund.		
Compensated absences payable	\$ 14,507	
Net pension liability	712,057	
OPEB liability	<u>56,072</u>	
		(782,636)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the fund.		
Deferred outflows of resources related to pensions	\$230,733	
Deferred outflows of resources related to OPEB	9,838	
Deferred inflows of resources related to pensions	(258,025)	
Deferred inflows of resources related to OPEB	<u>(23,190)</u>	
		(40,644)
Net position of governmental activities (Exhibit 1)		<u><u>\$ (627,249)</u></u>

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

**EXHIBIT 5**  
**SCHOOL ADMINISTRATIVE UNIT NO. 34**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2022**

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**REVENUES**

School districts' assessments	\$ 1,185,198
Other local	58,206
Total revenues	<u>1,243,404</u>

**EXPENDITURES**

Current:

Support services:

Executive administration	<u>1,229,787</u>
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Net change in fund balance	13,617
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Fund balance, beginning, as restated, see Note III.C.	<u>178,294</u>
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Fund balance, ending	<u><u>\$ 191,911</u></u>
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The notes to the financial statements are an integral part of this statement.

**EXHIBIT 6**  
**SCHOOL ADMINISTRATIVE UNIT NO. 34**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balance of General Fund to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2022**

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Net change in fund balance of general fund (Exhibit 5)	\$	13,617
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Capital outlay	\$	-	
Depreciation expense		(4,119)	
			(4,119)

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 governmental funds.

Decrease in compensated absences payable	\$	5,251	
Decrease in OPEB related balances		13,765	
			19,016

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.

School Administrative Unit pension contributions	\$	102,086	
Cost of benefits, net of employee contributions		(46,170)	
			55,916

Change in net position of governmental activities (Exhibit 2)	\$	84,430
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The notes to the financial statements are an integral part of this statement.



**EXHIBIT 7**  
**SCHOOL ADMINISTRATIVE UNIT NO. 34**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2022**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
School districts' assessments	\$1,185,316	\$1,185,198	\$ (118)
Other local	1	58,206	58,205
Total revenues	1,185,317	1,243,404	58,087
<b>EXPENDITURES</b>			
Current:			
Support services:			
Executive administration	1,235,317	1,223,078	12,239
Net change in fund balance	\$ (50,000)	20,326	\$ 70,326
Unassigned fund balance, beginning, as restated, see Note III.C.		121,585	
Unassigned fund balance, ending		\$ 141,911	

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**SCHOOL ADMINISTRATIVE UNIT NO. 34**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDING**  
**JUNE 30, 2022**

**I. Summary of Significant Accounting Principles**

**I.A. Introduction**

The accounting and reporting framework and the more significant accounting principles and practices of the School Administrative Unit No. 34 (the School Administrative Unit) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the School Administrative Unit's financial activities for the fiscal year ended June 30, 2022.

**I.B. Financial Reporting Entity – Basis of Presentation**

**I.B.1. Entity Defined**

The School Administrative Unit No. 34 is a municipal corporation governed by a school administrative unit board consisting of all the members of each member school board. The School Administrative Unit No. 34 is incorporated in accordance with New Hampshire law and provides centralized administrative services for the Washington, Windsor, and Hillsboro-Deering Cooperative School Districts. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on the stated criteria, the School Administrative Unit's financial statements do not include any component units.

**I.B.2. Government-Wide and Fund Financial Statements**

*Government-Wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the School Administrative Unit as a whole. Individual funds are not displayed.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues consist of charges for services, which finance annual operating activities. These revenues are subject to externally imposed restrictions to these program uses. The school districts' assessments and revenue from other sources not properly included with program revenues are reported as general revenues.

**SCHOOL ADMINISTRATIVE UNIT NO. 34**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDING**  
**JUNE 30, 2022**

*Fund Financial Statements*

Fund financial statements are provided for the General Fund.

**I.B.3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The financial statements of the School Administrative Unit are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The School Administrative Unit's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School Administrative Unit considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenues susceptible to accrual are the school districts' assessments and investment income. In general, any other revenues are recognized when cash is received.

**I.B.4. *Fund Type and Major Fund***

*Governmental Funds*

The School Administrative Unit reports only the General Fund. This fund is used to account for all financial resources of the School Administrative Unit.

**I.C. *Assets and Net Position or Fund Equity***

**I.C.1. *Cash and Cash Equivalents***

The laws of the State of New Hampshire require that the School Administrative Unit's treasurer have custody of all monies belonging to the School Administrative Unit and pay out the same only upon orders of the School Administrative Unit Board.

**SCHOOL ADMINISTRATIVE UNIT NO. 34**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDING**  
**JUNE 30, 2022**

**I.C.2. *Capital Assets and Depreciation***

The School Administrative Unit's capital assets with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition value on the date donated. The School Administrative Unit does not have a formal capital asset policy in place, but capitalizes assets with an estimated useful life of one year or more as purchase or construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives for depreciable assets are three years.

**I.C.3. *Long-Term Liabilities***

In the governmental activities, outstanding liabilities consist of compensated absences payable, the net pension liability, and the OPEB liability.

**I.C.4. *Equity***

The government-wide statement of net position reports all of the net position as unrestricted.

The governmental funds report the following components of fund balance:

- Assigned, which represents funds used to reduce the assessment.
- Unassigned, which represents the remaining fund balance.

**II. Stewardship, Compliance, and Accountability**

**II.A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all appropriations lapse at year-end. The School Administrative Unit is allowed to use beginning fund balance to balance the budget. In the fiscal year 2022, \$50,000 of the fund balance from the fiscal year 2021 was so used.

Encumbrance accounting is employed by the General Fund. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as assigned fund balance and do not constitute expenditures or liabilities because the amounts will be added to the appropriations voted for the subsequent year.

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Revenues are budgeted by source. Expenditures are budgeted by executive administration.

**II.B. Deficit Net Position in Governmental Activities**

The School Administrative Unit reports a deficit net position of \$627,249 at June 30, 2022. The deficit is the result of the School Administrative Unit reporting its net pension liability. This liability is funded through annual contributions to the New Hampshire Retirement System.

**III. Detailed Notes on Funds and Government-Wide Statements**

**III.A. Capital Assets**

The following table provides a summary of changes in capital assets:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, ending</u>
Governmental activities:				
At cost:				
Machinery and equipment	\$ 66,109	\$ -	\$ (53,751)	\$ 12,358
Less accumulated depreciation	(57,870)	(4,119)	53,751	(8,238)
Net book value, all capital assets	<u>\$ 8,239</u>	<u>\$ (4,119)</u>	<u>\$ -</u>	<u>\$ 4,120</u>

Depreciation expense was \$4,119 charged to executive administration.

**III.B. Long-Term Liabilities**

Long-term liabilities at year-end, no portion of which is current, are as follow:

Compensated absences payable:	
Accrued vacation leave	\$ 14,507
Net pension liability	712,057
Other postemployment benefits payable	56,072
	<u>\$ 782,636</u>

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*Changes in Long-Term Liabilities*

The following is a summary of changes in the long-term liabilities during the year:

	Compensated Absences Payable	Net Pension Liability	Other Postemployment Benefits Payable	Total
Balance, beginning	\$ 19,758	\$1,041,529	\$ 74,791	\$1,136,078
Reductions	(5,251)	(329,472)	(18,719)	(353,442)
Balance, ending	<u>\$ 14,507</u>	<u>\$ 712,057</u>	<u>\$ 56,072</u>	<u>\$ 782,636</u>

**III.C. Restatement of Beginning Equity**

Equity at July 1, 2021, was restated as follows:

	Governmental Activities	General Fund
To correct receivable	\$ (2,421)	\$ (2,421)
To correct payable	732	732
Net position/fund balance, as previously reported	(709,990)	179,983
Net position/fund balance, as restated	<u>\$ (711,679)</u>	<u>\$ 178,294</u>

**IV. Other Information**

**IV.A. Risk Management**

The School Administrative Unit's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the School Administrative Unit was a member of the NH Public Risk Management Exchange Program (Primex), which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities.

Primex's Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Coverage is provided for the fiscal year. Primex provided statutory worker's compensation coverage, and various amounts of coverage for property and liability losses. Contributions billed and paid for property/liability and workers' compensation coverage for the fiscal year ended June 30, 2022 totaled \$2,733 and \$1,980, respectively. There were no unpaid contributions for the year ended June 30, 2022. The membership agreement permits Primex to make additional assessments to members should

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there be a deficiency in assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

**IV.B. Retirement Pensions**

*General Information about the Pension Plan*

The New Hampshire Retirement System (NHRS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The NHRS provides service, disability, death and vested retirement benefits for employees and their beneficiaries. The New Hampshire Legislature establishes the provisions for benefits and contributions. The NHRS issues a separate financial report that is available at [www.nhrs.org](http://www.nhrs.org) or by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

Both the members and the School Administrative Unit make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution was 7% of gross earnings for all employees. The rate of contribution from the School Administrative Unit was 14.06%, which is actuarially determined to generate an amount that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the School Administrative Unit during the fiscal years 2020, 2021, and 2022 were \$72,339, \$73,814, and \$102,086 respectively. The amounts were paid on a monthly basis as due.

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

At June 30, 2022, the School Administrative Unit reported a liability of \$712,057 for its proportionate share of the net pension liability. The net pension liability is based upon the June 30, 2020 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2021. The roll-forward of the total pension liability from June 30, 2020 to June 30, 2021 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year. The School Administrative Unit's proportion of the net pension liability was based on a projection of the School Administrative Unit's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2022, the School Administrative Unit's proportion was 0.0161%, which was a decrease of 0.0001% from its proportion reported as of June 30, 2021.



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For the year ended June 30, 2022, the School Administrative Unit recognized pension expense of \$46,170. At June 30, 2022, the School Administrative Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 34,338	\$ 51,424
Net differences between projected and actual earnings on pension plan investments	-	199,146
Changes in assumptions	74,370	-
Differences between expected and actual experience	19,939	7,455
School Administrative Unit's contributions subsequent to the measurement date	102,086	-
	<u>\$ 230,733</u>	<u>\$ 258,025</u>

The School Administrative Unit reported \$102,086 as deferred outflows of resources related to pensions resulting from School Administrative Unit contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follow:

Year Ended June 30,	
2023	\$ (22,363)
2024	(10,906)
2025	(29,323)
2026	(66,786)
	<u>\$ (129,378)</u>

***Actuarial Assumptions***

The total pension liability in the June 30, 2021 actuarial valuation was determined using the actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

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Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	19 years, beginning July 1, 2020 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smoothed market for funding purposes, 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Municipal Bond Rate	2.45% per year
Salary Increases	5.6% average, including inflation
Investment Rate of Return	7.25% net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2021 valuations were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 to June 30, 2015.

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

*Sensitivity of the School Administrative Unit's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the School Administrative Unit's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the School Administrative Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Administrative Unit's proportionate share of net pension liability	\$ 1,018,323	\$ 712,057	\$ 456,581

Other actuarial assumptions, as well as detailed information about the pension plan's fiduciary net position, are available in the separately issued NHRS report.

**IV.C. Other Postemployment Benefits**

*Plan Description*

The School Administrative Unit is part of two different OPEB plans, one that is a retiree health care benefits program operating as a single-employer plan that is used to provide OPEB for all permanent full-time employees (implicit rate subsidy); and the other that consists of benefits to

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its retired employees and their beneficiaries as required by RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*. The latter are provided through the New Hampshire Retirement System (NHRS) operating as a cost-sharing, multiple-employer OPEB medical subsidy healthcare plan (medical insurance subsidy). Further information on this plan can be found in the audited report of the NHRS Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan which is available on the NHRS website at [www.nhrs.org](http://www.nhrs.org).

Benefits provided to retirees follow New Hampshire Revised Statutes Annotated 100-A:50 (Medical Insurance Coverage). This statute states that the School Administrative Unit “shall permit its employees upon retirement to continue to participate in the same medical insurance or health care group or plan as its active employees. Retired employees shall be deemed to be part of the same group as active employees of the same employer for purposes of determining medical insurance premiums. Coverage for spouses, other family members and beneficiaries of retirees shall also be permitted to the extent that coverage is provided for the spouses, other family members and beneficiaries of active employees . . .” In addition, the statute states “Each political subdivision, as employer, may elect to pay the full cost of group medical insurance or health care coverage for its retirees, or may require each retiree to pay any part or all of the cost of the retiree’s participation.”

Since the same premiums are charged to active employees and retirees, and the School Administrative Unit is unable to obtain age-adjusted premium information for the retirees, GAAP require the School Administrative Unit to calculate age-adjusted premiums for the purpose of projecting future benefits for retirees.

The School Administrative Unit (SAU) offers postemployment medical benefits to SAU retirees and their covered dependents. The SAU offers coverage as follows:

- Employees hired before July 1, 2011: retire after (1) attaining age 60 or (2) attaining age 50 with 10 or more years of service or (3) age plus service is at least 70 with 20 or more years of service
- Employees hired on or after July 1, 2011: retire after (1) attaining age 65 or (2) attaining age 60 with 30 or more years of service

Currently, there are 10 active and retired employees that receive health benefits from the School Administrative Unit. The School Administrative Unit recognizes the cost of providing health insurance annually as expenditures in the General Fund as payments are made. For the year ended June 30, 2022, the School Administrative Unit recognized nothing for its share of insurance premiums for currently enrolled retirees.

With the medical insurance subsidy plan, there is a payment made by the NHRS to the former employer or its insurance administrator toward the cost of health insurance for the qualified

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retiree, his/her qualified spouse, and dependent children with disability who are living in the retiree's household and being cared for by the retiree. If the health insurance premium is less than the medical subsidy amount, then only the premium amount is paid by the NHRS. If the insurance premium is more than the medical subsidy amount, then the retiree or other qualified person is responsible for paying the balance of the premium. Benefits are based on age, creditable service, and retirement or hire dates. This plan is closed to new entrants. As of the June 30, 2021 measurement date, participants of the postretirement plan that met eligibility requirements were comprised of 10 active employees and no retirees.

*Total OPEB Liability*

The School Administrative Unit's total OPEB liability of \$56,072 (\$16,392 medical subsidy and \$39,680 implicit rate subsidy) was determined by an actuarial valuation as of July 1, 2020 for the medical subsidy and July 1, 2021 for the implicit rate subsidy, rolled forward to the measurement date using actuarial assumptions, applied to all periods included in the measurement.

*Actuarial Assumptions*

The total OPEB liability for the implicit rate subsidy was determined using the following actuarial assumptions and inputs:

Discount Rate:	3.54%, net of investment expenses, including inflation	
Actuarial Cost Method:	Entry Age Normal	
Amortization Method:	Level dollar amount over thirty (30) years on an open amortization period for pay-as-you-go funding	
Healthcare Cost Trend Rates:	<u>Year</u>	<u>Trend</u>
	1	10.90%
	2	7.00%
	3	6.50%
	4	6.00%
	Ultimate	4.24%
Mortality Rates:	Pre-Retirement: RP-2014 Employees Mortality Tables for males and females projected with generational mortality improvements using Scale MP-2015	
Inflation:	2.2%	

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The assumptions used for the medical insurance subsidy were the same as those used to calculate the pension liability, as previously noted.

*Discount Rate*

The discount rate was based on the *Bond Buyer 20-Bond General Obligation Index* based on a tax-exempt, high quality municipal bond rate.

*Healthcare Cost Trend Rates*

Healthcare cost trend rate assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. Trend rates after year 4 grade down to the ultimate rate utilizing the *Society of Actuaries Getzen Medical Trend Model*. The ultimate cost trend rate is reached in 2075.

*Sensitivity of Total OPEB Liability*

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount rate and healthcare cost trend rates. The following presents the total OPEB liability calculated using the current discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher:

Implicit Rate Subsidy:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
School Administrative Unit's total OPEB liability	\$ 41,568	\$ 39,680	\$ 37,769

Medical Subsidy:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Administrative Unit's total OPEB liability	\$ 17,819	\$ 16,392	\$ 15,150

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The following presents the total OPEB liability calculated using the current healthcare cost trend rate of 10.90%, as well as what the total OPEB liability would be if it were calculated using a healthcare trend rate 1-percentage point lower or 1-percentage point higher:

	1% Decrease (9.90%)	Current Healthcare Cost Trend Rate (10.90%)	1% Increase (11.90%)
School District's total OPEB liability	\$ 35,734	\$ 39,680	\$ 44,113

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

For the year ended June 30, 2022, the School Administrative Unit recognized OPEB expense of \$9,981. At June 30, 2022, the School Administrative Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ -	\$ 2
Net differences between projected and actual earnings on pension plan investments	-	205
Changes in assumptions	692	20,426
Differences between expected and actual experience	6,844	2,557
School Administrative Unit's contributions subsequent to the measurement date	2,302	-
	<u>\$ 9,838</u>	<u>\$ 23,190</u>

The School Administrative Unit reported \$2,302 as deferred outflows of resources related to OPEB resulting from School Administrative Unit contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

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The balance of the amounts recognized as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
<u>2023</u>	\$ (7,820)
2024	(5,949)
2025	(1,818)
2026	(67)
	<u>\$ (15,654)</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**



**EXHIBIT 8**  
**SCHOOL ADMINISTRATIVE UNIT NO. 34**  
**Schedule of the School Administrative Unit's Proportionate Share of the Net Pension Liability**  
**New Hampshire Retirement System**

	School				
	School	School	School	Administrative Unit's	Plan Fiduciary
	Administrative	Administrative	Administrative	Proportionate	Net Position
	Unit's	Unit's	Unit's	Share of the Net	as a
	Proportion of	Proportionate	Covered-	Pension Liability as	Percentage of
	the Net Pension	Share of the	Employee	a Percentage of	the Total
	Liaibility	Net Pension	Payroll	Covered-Employee	Pension
For the Year		Liability		Payroll	Liability
Ended					
June 30,					
2022	0.0161%	\$712,057	\$742,445	95.91%	72.22%
2021	0.0162%	\$1,041,529	\$678,438	153.52%	58.72%
2020	0.0174%	\$835,917	\$664,880	125.72%	65.59%
2019	0.0154%	\$740,592	\$682,341	108.54%	64.73%
2018	0.0170%	\$834,121	\$586,699	142.17%	62.66%
2017	0.0165%	\$876,987	\$572,132	153.28%	58.30%
2016	0.0190%	\$751,731	\$543,787	138.24%	65.47%
2015	0.0190%	\$714,317	\$609,785	117.14%	66.32%
2014	0.0198%	\$851,005	\$591,365	143.91%	59.81%

The note to the required supplementary information is an integral part of this schedule.

**EXHIBIT 9**  
**SCHOOL ADMINISTRATIVE UNIT NO. 34**  
**Schedule of the School Administrative Unit's Pension Contributions**  
**New Hampshire Retirement System**

For the Year Ended June 30,	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency	School Administrative Unit's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	\$102,086	(\$102,086)	\$ -	\$742,445	13.75%
2021	\$73,814	(\$73,814)	\$ -	\$678,438	10.88%
2020	\$72,339	(\$72,339)	\$ -	\$664,880	10.88%
2019	\$75,603	(\$75,603)	\$ -	\$682,341	11.08%
2018	\$65,006	(\$65,006)	\$ -	\$586,699	11.08%
2017	\$62,134	(\$62,134)	\$ -	\$572,132	10.86%
2016	\$59,055	(\$59,055)	\$ -	\$543,787	10.86%
2015	\$63,662	(\$63,662)	\$ -	\$609,785	10.44%
2014	\$61,739	(\$61,739)	\$ -	\$591,365	10.44%

The note to the required supplementary information is an integral part of this schedule.

**EXHIBIT 10**

**SCHOOL ADMINISTRATIVE UNIT NO. 34**

***Schedule of Changes in the School Administrative Unit's Total OPEB Liability and Related Ratios***

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Total OPEB liability:					
Service cost	\$ 2,781	\$ 3,689	\$ 3,609	\$ 5,003	\$ 4,906
Interest	2,537	1,177	1,138	2,806	2,784
Projected earnings on plan investments	(105)	-	-	-	-
Changes of assumptions	(16,364)	-	10,139	-	-
Other administrative costs	7	-	-	-	-
Differences between expected and actual experience	10,225	-	(37,363)	(5,171)	(5,586)
Benefit payments	381	(3,014)	(2,949)	(1,646)	(1,377)
Net change in total OPEB liability	(538)	1,852	(25,426)	992	727
Total OPEB liability, beginning	56,610	54,758	80,184	79,192	78,465
Total OPEB liability, ending	<u>\$56,072</u>	<u>\$56,610</u>	<u>\$54,758</u>	<u>\$80,184</u>	<u>\$79,192</u>
Covered payroll	\$742,445	\$626,829	\$614,538	\$645,157	\$632,507
Total OPEB liability as a percentage of covered payroll	7.55%	9.03%	8.91%	12.43%	12.52%
School Administrative Unit's proportion of the NHRS's net net OPEB liability for the medical insurance subsidy	0.0106%	0.0106%	0.0104%	0.0065%	0.0042%

The note to the required supplementary information is an integral part of this schedule.

**EXHIBIT 11**  
**SCHOOL ADMINISTRATIVE UNIT NO. 34**  
**Schedule of Changes in the School Administrative Unit's Total OPEB Liability and Related Ratios**

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Actuarially determined contribution	\$ 6,747	\$ 1,928	\$ 2,047	\$ 1,760	\$ 1,773	\$ 1,686
Contribution in relation to the actuarially determined contribution	(3,448)	(1,928)	(2,047)	(1,760)	(1,773)	(1,686)
Contribution deficiency	<u>\$ 3,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 742,445	\$ 678,438	\$ 664,880	\$ 682,341	\$ 586,699	\$ 572,132
Contribution as a percentage of covered-employee payroll	0.91%	0.28%	0.31%	0.26%	0.30%	0.29%

The note to the required supplementary information is an integral part of this schedule.

**SCHOOL ADMINISTRATIVE UNIT NO. 34  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
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The Pension and OPEB Schedules are meant to present related information for ten years. Because this is the eighth year that the School Administrative Unit has presented the pension information, and the fourth year for the OPEB information under the current measurement standard, only nine years and five years, respectively, are presented. An additional year's information will be added each year until there are ten years shown.

**INDIVIDUAL GENERAL FUND SCHEDULES**

**EXHIBIT 12**  
**SCHOOL ADMINISTRATIVE UNIT NO. 34**  
**General Fund**  
**Schedule of Estimated and Actual Revenues**  
**For the Fiscal Year Ended June 30, 2022**

	Estimated	Actual	Variance Positive (Negative)
School districts' assessments:			
Current appropriation	\$ 1,185,316	\$ 1,185,198	\$ (118)
Other local sources:			
Investment earnings	-	479	479
Indirect costs	-	45,765	45,765
Miscellaneous	1	11,962	11,961
Total from other local sources	1	58,206	58,205
Total revenues	1,185,317	\$ 1,243,404	\$ 58,087
Use of fund balance to reduce school districts' assessments	50,000		
Total revenue and use of fund balance	\$ 1,235,317		

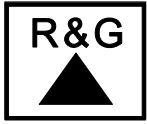
**EXHIBIT 13**  
**SCHOOL ADMINISTRATIVE UNIT NO. 34**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2022**

	Encumbered from Prior Year	Appropriations	Expenditures	Variance Positive (Negative)
Current:				
Support services:				
Executive administration	\$ 6,709	\$ 1,235,317	\$ 1,229,787	\$ 12,239



**EXHIBIT 14**  
**SCHOOL ADMINISTRATIVE UNIT NO. 34**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2022**

Unassigned fund balance, beginning		\$ 121,585
Changes:		
Fund balance used to reduce school districts' assessments		(50,000)
Budget summary:		
Revenue surplus (Exhibit 12)	\$ 58,087	
Unexpended balance of appropriations (Exhibit 13)	<u>12,239</u>	
Budget surplus		<u>70,326</u>
Unassigned fund balance, ending		<u><u>\$ 141,911</u></u>



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

To the Members of the School Administrative Unit Board  
School Administrative Unit No. 34  
Hillsborough, New Hampshire

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the School Administrative Unit No. 34 as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the School Administrative Unit's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Administrative Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Administrative Unit's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the school administrative unit board, and others within the School Administrative Unit No. 34, and is not intended to be, and should not be, used by anyone other than these specified parties.

February 24, 2023

*Roberts & Greene, PLLC*