

ASHLAND SCHOOL DISTRICT

Ashland, New Hampshire

FINANCIAL STATEMENTS

June 30, 2023

and

Independent Auditor's Report

ASHLAND SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

ROBERGE AND COMPANY, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the School Board
Ashland School District
Ashland, New Hampshire

Opinions

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

Summary of Opinions

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Governmental Activities	Unmodified
Governmental Fund - General	Unmodified
Governmental Fund - Grants Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

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 the Ashland School District, as of June 30, 2023, and the respective changes in financial position 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 Ashland School District, 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; 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 Ashland School District'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 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 the Ashland School District'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 Ashland School District'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 implicit rate OPEB liability, schedules of proportionate share and contributions of the NHRS net OPEB liability, and schedules of the proportionate share and contributions of net pension liability, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with 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 Ashland School District's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Roberge and Co., P.C.

ROBERGE & COMPANY, P.C.

Franklin, New Hampshire
April 18, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Ashland School District
For the Year Ended June 30, 2023**

The Superintendent and Assistant Superintendent of schools, as "management" of the Ashland School District (the "District"), a K-8 local education authority located in the County of Grafton, New Hampshire, submits this section of the District's annual financial report in order to present our discussion and analysis of the District's financial performance during the year ended June 30, 2023.

Our discussion and analysis is in accordance with the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position increased by \$279,868 or 41% between June 30, 2022, and 2023.
- The District's total combined net position amounted to \$(395,561) as of June 30, 2023. Net position consisted of \$1,653,974 net investment in capital assets; \$2,048 restricted for specific purposes; and an unrestricted deficit of \$(2,051,583).
- The District had long-term debt outstanding, consisting of retirement incentive obligations, other postemployment benefits and net pension liability, as of June 30, 2023, in the amount of \$3,706,696.
- During the year, the District's expenses were \$279,868 less than the \$4,601,732 in revenues generated from charges for services, operating grants and contributions and general revenues (consisting of the school district assessment and local, state and federal grants and contributions not restricted to specific purposes).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ashland School District
For the Year Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS

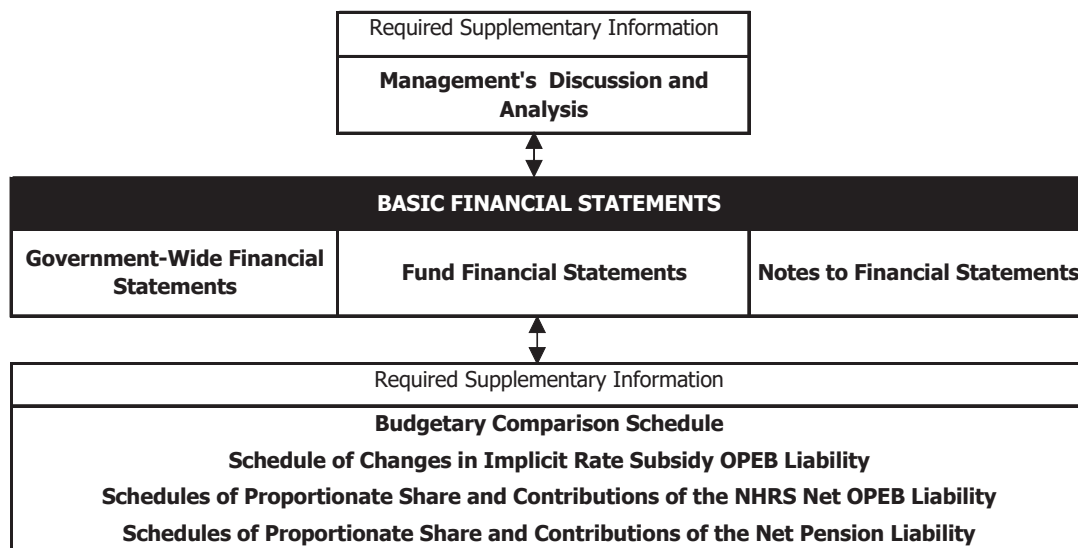
This discussion and analysis is intended to serve as an introduction to the District's annual report, which consists of a series of basic financial statements, notes and related financial or compliance information. The District's financial statements are comprised of three primary sections or components: (1) basic financial statements, (2) required supplementary information, and (3) other supplementary information, primarily combining nonmajor fund schedules.

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

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Exhibit A-1 shows how the required parts of this annual report are arranged and related to one another.

Exhibit A-1



MANAGEMENT'S DISCUSSION AND ANALYSIS

**Ashland School District
For the Year Ended June 30, 2023**

Exhibit A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain.

Exhibit A-2

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

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ashland School District
For the Year Ended June 30, 2023

District Wide Financial Statements:

The first two basic statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status and report net position and changes in them. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources and is one way to measure the District's financial health, or financial position.

- Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating, respectively.
- In order to assess the overall health of the District other nonfinancial factors should also be considered, such as changes in the District's general revenues (principally the school district assessment which is derived by local and statewide property taxes and general state aid), and federal and state intergovernmental revenues (grant programs); the condition of the District's buildings and other depreciable property (likelihood of emergency repairs or maintenance); current and long-term student population information; and other items subject to significant financial or budgetary uncertainty (out-of-District special education enrollment and the related high cost potential of the mandated services).

The government-wide financial statements of the District are included in the Governmental Activities category. Most of the District's basic services are included here, such as instruction, support services (including general and executive administration), and food services. General revenues, including the school district assessment, state aid, and federal and state grant programs, food service sales and federal reimbursements finance most of these activities.

Fund Financial Statements:

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. State law, regulation or bond covenant requires some funds, while others are established to comply with the requirements of grantors. The District reports the following types of funds:

Governmental Funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationships (or differences) between them.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ashland School District
For the Year Ended June 30, 2023

CONDENSED FINANCIAL INFORMATION AND ANALYSIS OF THE DISTRICT AS A WHOLE Net Position

Exhibit B-1 shows the composition of the District's total combined net position, which increased between June 30, 2022, and 2023 by \$279,868 or 41% to \$(395,561).

Exhibit B-1 NET POSITION

	Governmental Activities		
	2022	2023	Change
Assets			
Current and other assets	\$ 1,102,094	\$ 942,004	\$ (160,090)
Noncurrent assets	<u>1,244,931</u>	<u>1,653,974</u>	<u>409,043</u>
Total assets	2,347,025	2,595,978	248,953
Deferred Outflows of Resources			
Deferred outflows of resources	<u>907,367</u>	<u>931,288</u>	<u>23,921</u>
Total deferred outflows of resources	907,367	931,288	23,921
Liabilities			
Current liabilities	112,917	6,387	(106,530)
Noncurrent liabilities	<u>2,859,277</u>	<u>3,706,696</u>	<u>847,419</u>
Total liabilities	2,972,194	3,713,083	740,889
Deferred Inflows of Resources			
Deferred inflows of resources	<u>957,627</u>	<u>209,744</u>	<u>(747,883)</u>
Total deferred inflows of resources	957,627	209,744	(747,883)
Net Position			
Net investment in capital assets	1,238,841	1,653,974	415,133
Restricted	57,095	2,048	(55,047)
Unrestricted	<u>(1,971,365)</u>	<u>(2,051,583)</u>	<u>(80,218)</u>
Total net position	<u>\$ (675,429)</u>	<u>\$ (395,561)</u>	<u>\$ 279,868</u>

A portion of the net position is either invested in capital assets or restricted as to the purposes they can be used for.

- Restricted net position represents fund amounts that are not available for discretionary spending.

The unrestricted net position was a negative \$(2,051,583) as of June 30, 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Ashland School District
For the Year Ended June 30, 2023**

Change in Net Position

The District's total revenues were \$4,601,732 while total expenses were \$4,321,864, resulting in an increase in net position of \$279,868.

Exhibit B-2 shows that 57.70% of the District's total revenues came from the local school district assessment, while 23.49% came from State of New Hampshire sources including state education taxes (collected by and received from the town). Operating grants and contributions provided 16.88% of total revenues, while 1.63% related to charges for services.

Exhibit B-2 SOURCES OF DISTRICT REVENUES

	Governmental Activities			Change
	2022	2023	% of Total	
Program Revenues				
Charges for services	\$ 24,092	\$ 74,888	1.63%	\$ 50,796
Operating grants and contributions	443,208	776,929	16.88%	333,721
General Revenues				
School district assessment	2,481,932	2,654,973	57.70%	173,041
Local sources	5,727	8,400	0.18%	2,673
State of New Hampshire sources	1,050,440	1,080,762	23.49%	30,322
Federal sources	383	356	0.01%	(27)
Earnings on investments	1,261	5,424	0.12%	4,163
Miscellaneous	95,021	-	0.00%	(95,021)
	<u>\$ 4,102,064</u>	<u>\$ 4,601,732</u>	<u>100.00%</u>	<u>\$ 499,668</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Ashland School District
For the Year Ended June 30, 2023**

Exhibit B-3 shows that 53.37% of the District's total expenses were for instruction, 35.76% were for support services and 2.67% of the Districts total expenses were made for the food service program. Unallocated expenses represented 8.19% of total expenses.

Exhibit B-3 DISTRICT EXPENSES

Functions / Programs	Governmental Activities			Change
	2022	2023	% of Total	
Instruction	\$ 2,238,601	\$ 2,306,786	53.37%	\$ 68,185
Support services	1,389,486	1,545,651	35.76%	156,165
Food service program	129,514	115,389	2.67%	(14,125)
Unallocated				
Capital outlay	-	153,544	3.55%	153,544
Other financing uses	-	76,521	1.77%	76,521
Depreciation	123,906	123,973	2.87%	67
	<u>\$ 3,881,507</u>	<u>\$ 4,321,864</u>	<u>100.00%</u>	<u>\$ 440,357</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ashland School District
For the Year Ended June 30, 2023

Governmental Activities

Exhibit B-4 presents the net cost of the District's largest functions based upon the total expense, less charges for services and operating grants and contributions. The net cost reflects the amount funded by general revenues (local and statewide property taxes and general state aid).

Exhibit B-4 TOTAL AND NET COST OF SERVICES

	2022		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Functions / Programs				
Instruction	\$ 2,238,601	\$ 1,895,058	\$ 2,306,786	\$ 1,548,428
Support services	1,389,486	1,389,486	1,545,651	1,545,651
Food service program	129,514	5,757	115,389	21,930
Unallocated				
Capital outlay	-	-	153,544	153,544
Other financing uses	-	-	76,521	76,521
Depreciation	123,906	123,906	123,973	123,973
	<u>\$ 3,881,507</u>	<u>\$ 3,414,207</u>	<u>\$ 4,321,864</u>	<u>\$ 3,470,047</u>

The total cost of all governmental activities this year was \$4,321,864; the total net cost was \$3,470,047. The primary financing for these activities of the District was as follows:

General Revenues

- The amount that was paid by taxpayers through property taxes was \$2,921,414, \$2,654,973 representing local property taxes and \$266,441 in state education taxes.
- State sources included \$814,321 in the form of an adequacy grant.
- Local sources included \$5,424 in earnings on investments and \$8,400 in other local sources.
- Federal sources included \$356 in federal forest reserve funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ashland School District
For the Year Ended June 30, 2023

ANALYSIS OF BALANCES AND TRANSACTIONS OF THE DISTRICT'S INDIVIDUAL FUNDS

General Fund

The general fund balance decreased \$81,592 during the year from a surplus balance of \$934,680 as of June 30, 2022, to a \$853,088 fund balance as of June 30, 2023. \$2,048 of the ending fund balance was non-spendable prepaid expenses, \$434,671 was committed for capital reserves, and \$416,369 was unassigned. In accordance with RSA 198:4-b, the district may vote to retain unassigned general fund balance in an amount not to exceed 2.5 percent of the current fiscal year's net assessment.

The restricted expendable capital reserve funds (established by voters at an annual school district meeting as trust funds in accordance with statutory requirements) are combined with the general fund in the basic financial statements. The District currently maintains capital reserve funds for special education and safety and maintenance purposes. In accordance with state statutes these funds are required to be held in custody of the Trustees of Trust Funds of the required local municipal government.

Major Funds

Grants Fund

The grants fund is classified as a special revenue fund and is reported as a major fund in the basic financial statements. It is made up of federal and state projects and is generally operated on a cost reimbursement basis.

Nonmajor Funds

Food Service Fund

The food service fund is classified as a special revenue fund and is aggregated in the category nonmajor funds in the basic financial statements. The food service fund received an operating had a fund balance in the amount of \$37,013 as of June 30, 2023.

Fitness Trail Fund

The fitness trail fund is classified as a special revenue fund and is aggregated in the category nonmajor governmental funds in the basic financial statements. The fund had a balance of \$2,381 as of June 30, 2023.

NH Charitable Fund

The charitable fund is classified as a special revenue fund and is aggregated in the category nonmajor governmental funds in the basic financial statements. The charitable fund balance was \$13,109 as of June 30, 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ashland School District
For the Year Ended June 30, 2023

Student Activities Fund

The Student Activities fund is classified as a special revenue fund and is reported as a nonmajor fund in the basic financial statements. The Student Activities fund balance was \$27,440 as of June 30, 2023.

GENERAL FUND BUDGETARY HIGHLIGHTS

For the year ended June 30, 2023, the District did not revise its statutory budgetary line items; rather, the District's budgetary control was managed on an aggregate total budget-to-actual basis; total estimated revenues and appropriations versus actual revenues and expenditures.

Final Versus Original Budget Comparison

The original and final budget amounts were different in the amount of \$219,894 as the result of encumbrances carried forward from the prior year.

Actual Versus Final Budget Comparison

The amounts of actual inflows (resources) and outflows (charges to appropriations) varied from the final budget for the following significant items:

- Actual inflows (resources) were more than the budgetary revenue estimates by \$1,914.
- Actual total outflows, (expenditures or charges to appropriations), were less than the budgeted appropriations by \$416,503. Expenditures for instruction were \$215,078 less than the amount appropriated and operation and maintenance expenditures were \$182,395 less than the amount appropriated.
- None of the currently known reasons for the budgetary variations are expected to have a significant effect on future services or liquidity.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ashland School District
For the Year Ended June 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the District had invested \$1,653,974 (\$4,122,462 at cost or estimated cost less accumulated depreciation of \$2,468,488) in a broad range of capital assets, including land and land improvements, buildings, and furniture and equipment as summarized in Exhibit C-1.

This amount represents a net increase of 32.86% over the prior year. This year major changes are also summarized in Exhibit C-1.

Exhibit C-1 NET CAPITAL ASSETS AND MAJOR ADDITIONS

Net Capital Assets	Governmental Activities		Change
	2022	2023	
Land and improvements	\$ 128,501	\$ 131,796	2.56%
Construction in progress	-	440,701	100.00%
Buildings	2,312,385	2,341,506	1.26%
Furniture and equipment	1,261,932	1,208,459	-4.24%
Capital assets, at cost	3,702,818	4,122,462	11.33%
Accumulated Depreciation	2,457,887	2,468,488	0.43%
Capital assets, net	\$ 1,244,931	\$ 1,653,974	32.86%
Increase (Decrease) in Capital Assets, Net		\$ 409,043	
Changes			
Land improvements		\$ 5,320	
Construction in progress		440,701	
Buildings		35,121	
Furniture and equipment		51,874	
Depreciation expense		(123,973)	
		\$ 409,043	

More detailed information about the District's capital assets is presented in the notes to the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Ashland School District
For the Year Ended June 30, 2023**

Debt

As of June 30, 2023, the District had \$3,706,696 of net long-term obligations as summarized in Exhibit C-2.

This amount represents a net increase of 29.64% over the prior year.

Exhibit C-2 LONG-TERM LIABILITIES

Long-Term Liabilities	Governmental Activities		
	2022	2023	Change
Leases	\$ 6,090	\$ -	-100.00%
Retirement incentives	50,069	25,232	-49.61%
OPEB Obligations	394,664	397,609	0.75%
Net pension liability	2,414,544	3,283,855	36.00%
	2,865,367	3,706,696	29.36%
Less current portion	6,090	-	100.00%
	\$ 2,859,277	\$ 3,706,696	29.64%
Increase (Decrease), Net		\$ 847,419	
Changes			
Principal lease payments made		\$ (6,090)	
Change in retirement incentives		(24,837)	
Change in OPEB obligations		2,945	
Change in net pension liability		869,311	
Change in current portion		6,090	
		\$ 847,419	

State law (RSA 33:4) limits the amount of general obligation debt that the District may incur at any one time to 7% of the locally assessed valuation as equalized by the Commissioner of the New Hampshire Department of Revenue Administration. As of June 30, 2023, the District was below its legal debt limit of approximately \$18,059,304.

More detailed information about the District's long-term liabilities is presented in the notes to the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ashland School District
For the Year Ended June 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

District management and the School Board considered many factors when submitting the fiscal year 2023-2024 budget to the Budget Committee and the District voters.

- The general fund operational budget had an increase of \$129,579 or 3.11% over the 2022/2023 voted budget.
- The Ashland School Board Collective Bargaining Agreement with the Ashland Teachers' Association will be in year two. This is the first year that additional costs due to the new CBA will be reflected in the operating budget.
- Maintain through School District funds, the Academic Intervention Teacher initially funded through ESSER funds for 2021/2022 and 2022/2023. The total cost of this additional teacher is \$118,759.
- The salary pool to distribute to all non-union staff (administration, facilities staff, and school support staff) is based on a 5% increase.
- The School Board approved for the 2022/2023 school year budget three (3) additional holidays for school year support staff. These days are included in the proposed budget for the 2023/2024 school year.
- The health insurance GMR (Guaranteed Maximum Rate) was an increase of 7.1%. The GMR for 2022/2023 was 7.1% and the actual rate was 7.1%. The dental insurance GMR was an increase of 1.5% and the actual rate was 1.5%.
- Literacy curriculum materials were requested for grades K – 8: Into Reading (K – 5) and Into Literature (6 – 8). The proposed cost for 2023/2024 is installment one of two installments for this curriculum purchase; the second installment is for the 2024/2025 budget. The total cost is \$63,000; installment one (23/24) is \$32,000 and installment two (24/25) is \$31,000. If approved for the 2023/2024 operating budget, the second installment will be automatically included in the default budget for 2024/2025.
- Heating oil increased by \$28,659 and electricity increased by \$6,704 from the previous budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Finance Officer.

BASIC FINANCIAL STATEMENTS

ASHLAND SCHOOL DISTRICT

Statement of Net Position June 30, 2023

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 377,693
Receivables, net	434,671
Due from other governments	127,592
Prepaid	2,048
Capital assets:	
Land and construction in progress	572,497
Other capital assets, net of accumulated depreciation	<u>1,081,477</u>
Total assets	<u>2,595,978</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	884,882
Deferred outflows of resources related to other post employment benefits	<u>46,406</u>
Total deferred outflows of resources	<u>931,288</u>
LIABILITIES	
Accounts payable	1,996
Accrued expenses	3,221
Due to other governments	1,170
Noncurrent:	
Early retirement obligations	25,232
Postemployment benefit obligation	397,609
Net pension liability	<u>3,283,855</u>
Total liabilities	<u>3,713,083</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	2,586
Deferred inflows of resources related to pensions	77,362
Deferred inflows of resources related to other post employment benefits	<u>129,796</u>
Total deferred inflows of resources	<u>209,744</u>
NET POSITION	
Net investment in capital assets	1,653,974
Restricted for:	
Specific purposes	17,538
Unrestricted	<u>(2,067,073)</u>
Total net position	<u>\$ (395,561)</u>

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

ASHLAND SCHOOL DISTRICT

Statement of Activities Year Ended June 30, 2023

Functions / Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Primary Governmental Activities
Governmental activities:				
Instruction				
Regular instruction	\$ 1,580,132	\$ -	\$ 101,115	\$ (1,479,017)
Special education instruction	366,756	-	493	(366,263)
Other instruction	359,898	41,299	615,451	296,852
Support services				
Student support services	572,359	-	-	(572,359)
Instructional staff services	8,075	-	-	(8,075)
General administration	36,249	-	-	(36,249)
Executive administration	135,967	-	-	(135,967)
School administrative services	318,574	-	-	(318,574)
Operation and maintenance	402,945	-	-	(402,945)
Student transportation	71,482	-	-	(71,482)
Food service program	115,389	33,589	59,870	(21,930)
Capital outlay	153,544	-	-	(153,544)
Other uses / expenses	76,521	-	-	(76,521)
Depreciation (unallocated)	123,973	-	-	(123,973)
Total governmental activities	<u>\$ 4,321,864</u>	<u>\$ 74,888</u>	<u>\$ 776,929</u>	<u>\$ (3,470,047)</u>
General revenues:				
				\$ 2,654,973
School district assessment				8,400
Local sources				1,080,762
State of New Hampshire sources				356
Federal sources				5,424
Investment Income				<u>3,749,915</u>
Total general revenues				
				279,868
Change in net position				
Net position, beginning				<u>(675,429)</u>
Net position, ending				<u>\$ (395,561)</u>

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

ASHLAND SCHOOL DISTRICT

**Balance Sheet
Governmental Funds
June 30, 2023**

	General Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 350,253	\$ -	\$ 27,440	\$ 377,693
Held by trustees	434,671	-	-	434,671
Due from other governments	-	116,345	11,247	127,592
Due from other funds	69,337	-	45,838	115,175
Prepays	2,048	-	-	2,048
Total assets	\$ 856,309	\$ 116,345	\$ 84,525	\$ 1,057,179
Liabilities Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,996	\$ 1,996
Accrued expenses	3,221	-	-	3,221
Due to other governments	-	1,170	-	1,170
Due to other funds	-	115,175	-	115,175
Total liabilities	3,221	116,345	1,996	121,562
Deferred Inflows of Resources:				
Deferred revenue	-	-	2,586	2,586
Total deferred inflows of resources	-	-	2,586	2,586
Fund balances:				
Nonspendable	2,048	-	-	2,048
Restricted	-	-	15,490	15,490
Committed	434,671	-	-	434,671
Assigned	-	-	64,453	64,453
Unassigned	416,369	-	-	416,369
Total fund balance	853,088	-	79,943	933,031
Total liabilities, deferred inflows of resources and fund balances	\$ 856,309	\$ 116,345	\$ 84,525	\$ 1,057,179

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

ASHLAND SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2023

Total Fund Balances - Governmental Funds \$ 933,031

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in the governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost	\$ 4,122,462	
Less accumulated depreciation	<u>(2,468,488)</u>	1,653,974

Long-term liabilities are not due in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Retirement incentive obligations	(25,232)	
OPEB obligation	(397,609)	
Net pension liability	<u>(3,283,855)</u>	(3,706,696)

Deferred inflows and outflows of resources are not current financial sources and uses and therefore are not reported in the governmental funds.

Deferred inflows of resources	(207,158)	
Deferred outflows of resources	<u>931,288</u>	<u>724,130</u>

Total Net Position - Governmental Activities \$ (395,561)

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

ASHLAND SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds Year Ended June 30, 2023

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
School district assessment	\$ 2,654,973	\$ -	\$ -	\$ 2,654,973
Local sources	5	-	83,283	83,288
State of New Hampshire sources	1,101,430	33,012	1,255	1,135,697
Federal sources	849	662,886	58,615	722,350
Investment income	5,424	-	-	5,424
Total revenues	<u>3,762,681</u>	<u>695,898</u>	<u>143,153</u>	<u>4,601,732</u>
Expenditures				
Current:				
Instruction	2,016,673	695,898	34,916	2,747,487
Support services	605,569	-	-	605,569
General administration	36,249	-	-	36,249
Executive administration	967,117	-	-	967,117
Food service program	-	-	115,389	115,389
Capital outlay	188,665	-	-	188,665
Total expenditures	<u>3,814,273</u>	<u>695,898</u>	<u>150,305</u>	<u>4,660,476</u>
Revenues over (under) expenditures	(51,592)	-	(7,152)	(58,744)
Other Financing Sources (Uses)				
Transfers in	-	-	30,000	30,000
Transfers out	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>
Net change in fund balances	(81,592)	-	22,848	(58,744)
Fund balances, beginning	934,680	-	57,095	991,775
Fund balances, ending	<u>\$ 853,088</u>	<u>\$ -</u>	<u>\$ 79,943</u>	<u>\$ 933,031</u>

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

ASHLAND SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2023

Total Net Change in Fund Balances - Governmental Funds \$ (58,744)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	\$ 533,016	
Depreciation expense	<u>(123,973)</u>	409,043

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal on leases	<u>6,090</u>	6,090
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In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used.

Early retirement (increase) decrease	24,837	
OPEB obligation (increase) decrease	(2,945)	
Net pension liability	<u>(869,311)</u>	(847,419)

The change in deferred inflows and outflows related to long-term obligations are reported against expense and other financing uses in the governmental activities.

Deferred inflows (increase) decrease	746,977	
Deferred outflows increase (decrease)	<u>23,921</u>	<u>770,898</u>

Change in Net Position of Governmental Activities \$ 279,868

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

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ashland School District (the "District" or "Government") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB), (when applicable), that do not conflict or contradict GASB pronouncements. The significant accounting policies established in GAAP and used by the District are discussed below.

A. THE REPORTING ENTITY

The District is a primary local government governed by an elected board. As required by GAAP, these financial statements are required to present the District and its component units (if any).

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization; or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government. Fiscal independency is the ability to complete certain essential fiscal events without substantive approval by a primary government: (a) determine its budget without another government's having the authority to approve and modify that budget; (b) levy taxes or set rates or charges without approval by another government; and (c) issue bonded debt without approval by another government.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. The District does not have any business type primary activities.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted; and unrestricted. The District first utilizes restricted resources to finance qualifying activities.

NOTE 1 – (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions / programs. The functions / programs are also supported by general revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants reflect capital-specific grants. The net costs (by function) are normally covered by general revenue. The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Funds are classified into three major categories: governmental, proprietary and fiduciary.

Fund financial statements focus on major funds of the primary government in contrast to the governmental and business type (if any) activities reported in the government-wide financial statements. Major funds represent the government's most important funds and are determined based on minimum criteria set forth in GASBS No. 34 (numerical formula using total assets, liabilities, revenues, or expenditures/expenses of either fund category or activity combined). Major individual governmental funds are reported in separate columns in the fund financial statements with a combined column for all other nonmajor funds. The general fund is required to be reported as a major fund. The following fund types are used by the District:

1. **Governmental Funds** – The focus of governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund is the general operating fund of the District and is used to account for all resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District is reporting Grants, Food Service, Fitness Trail, NH Charitable, and Student Activities funds as special revenue funds.

NOTE 1 – (continued)**D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Two different measurement focuses are used under the new financial reporting model, the flow of current financial resources and the flow of economic resources. The determination of when transactions are recognized is referred to as the basis of accounting. Like measurement focus, there are two different bases of accounting used: the accrual basis and the modified accrual basis.

Government-Wide Financial Statements

The government-wide financial statements use the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, generally, all revenues, expenses, gains, losses, assets, and liabilities should be recognized when the economic exchange takes place. The government-wide financial statements report all of the assets, liabilities, revenues, expenses, and gains and losses of the entire government. These financial statements do not report fund information. Instead, they focus on two specific types of activities performed by the government, "governmental activities" and, when applicable, "business type activities". Governmental and proprietary fund types are included in the governmental and, when applicable, business type activities reported in the government-wide financial statements and therefore utilize the measurement focus and basis of accounting applicable to these statements.

Fund Financial Statements

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues and assets are recognized when they susceptible to accrual; i.e., both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally within sixty days after year-end. Expenditures and liabilities are recognized in the accounting period in which the fund liability is incurred and due, with certain modifications. Debt service and capital lease payments are recognized when the payment is due and compensated absences, claims and judgments, and special termination benefits are recognized to the extent that the liabilities are "normally expected to be liquidated with expendable available financial resources".

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY**Cash and Cash Equivalents and Investments**

The District has defined cash and cash equivalents to include cash on hand, demand deposits as well as short-term investments with a maturity date of within three months of the date acquired by the District.

Investments are stated at fair value (quoted market price or the best available estimate).

NOTE 1 – (continued)

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures / expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Capital Assets

For government-wide financial statements, capital assets purchased or acquired, in accordance with the District’s capitalization policy, are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the assets estimated useful lives.

ASSET	Capitalization Threshold	Estimated Useful Lives	Salvage Value %
Financed Assets	All	20	10%
Land or Building Improvements	All	20-40	10%
Machinery, Equipment and Other	\$ 1,000	3-15	0%

For fund financial statements, capital assets purchased for governmental operations are accounted for as capital expenditures of the governmental fund at the time of purchase.

Long-term Obligations

All long-term debt is reported as liabilities in the government-wide financial statements. Long-term debt consisted of early termination obligations, capital lease obligations, other postemployment benefit obligations and net pension liability. Governmental funds reported in the fund financial statements are concerned with current financial resources only and do not report long-term debt. Instead, debt proceeds are reported as other financing sources when received and payments of principal and interest are reported as expenditures when due.

Governmental Accounting Standards Board Statement No. 75 – *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefits.

NOTE 1 – (continued)

Pensions

Governmental Accounting Standards Board Statement No. 68 – *Accounting and Financial Reporting for Pensions*, requires the District to report its proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, and information about the fiduciary net position of the New Hampshire Retirement System, (NHRS) a Cost-Sharing Multiple Employer Defined Benefit Pension Plan.

Governmental Fund Equity

GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, established fund balance classifications and reporting requirements as follows:

Nonspendable – Are fund balances that cannot be spent because they are either; not in spendable form, such as inventories or prepaid amounts, or are legally or contractually required to be maintained intact, such as the principal of a permanent fund.

Restricted – Are amounts that can only be used for specific purposes because of enabling legislation or externally imposed constraints, such as grant requirements or laws or regulations.

Committed – Are amounts that can be used for specific purposes because of a formal action by the entity's highest level of decision-making authority (District Meeting). This would include contractual obligations if existing resources have been committed. Formal action to establish constraints should be taken before year-end, even if the amount might not be determined until the subsequent period.

Assigned – Are amounts intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body (School Board), or by an official to whom authority has been given (Superintendent). This is the residual fund balance classification of all governmental funds except the general fund. Assigned fund balances should not be reported in the general fund if doing so causes the government to report a negative "unassigned" general fund balance.

Unassigned – Is the residual classification for the general fund. The general fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result to overspending for specific purposes for which amounts had been restricted, committed, or assigned.

In instances where both restricted and unrestricted fund balances are available to fund expenditures, the restricted fund balances will be exhausted first, followed by the unrestricted classifications of, committed, assigned and unassigned fund balances.

Revenues

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 the modified accrual basis, revenue is recorded when the exchange takes place and in the period in which the resources are measurable and available. Revenue resulting from non-exchange transactions, in which the District receives value without directly giving equal value in return, generally includes grants and donations and is recognized when applicable grantor requirements, including purpose, eligibility, timing, and matching have been met.

NOTE 1 – (continued)

General revenues on the Statement of Activities include the school district assessment (levied by the appropriate local governments as property taxes) and aid from various State of New Hampshire sources that are not program revenues (charges for services or related to operating or capital grant programs).

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Legal Debt Limit

Per state statute, the District may not incur debt at any one time in excess of 7% of the locally assessed valuation as last equalized by the Commissioner of the New Hampshire Department of Revenue Administration.

For the year ended June 30, 2023, the District did not exceed its legal debt limit.

Risk Management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, injuries to employees and natural disasters. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The District is a member in both the *Workers' Compensation* and *Property/Liability* programs of the *New Hampshire Public Risk Management Exchange (Primex)*. *Primex* is a public entity pooled risk management program under RSA 5-B and RSA 281-A. The *Primex* Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The Worker's Compensation Section of the Self-Insurance Membership Agreement permits *Primex* to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution.

Claims, Judgments and Contingent Liabilities

Grant Programs

The District participates in numerous state, federal and private funded programs, which are governed by various laws, regulations, contracts and agreements of the grantor. Costs charged to these programs are subject to audit or review by the grantor; therefore, to the extent that the District has not complied with laws, regulations, contracts and agreements of the grantor, refunds of money for any disallowed claims, including amounts already collected, may constitute a contingent liability of the District. As of June 30, 2023, the District believes that there are no significant contingent liabilities relating to compliance with the laws, regulations, contracts and agreements governing these programs; therefore, no provision has been recorded in the financial statements for such contingencies.

Litigation

The District is subject to various claims, and sometimes lawsuits, which arise in the normal course of operations. Management of the District believes that the outcome of these contingencies will not have a materially adverse effect on the financial statements and accordingly, no provision for loss has been recorded.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Statement of net position:	
Cash and investments	\$ 377,693
	<u>\$ 377,693</u>

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

Cash on hand	\$ 500
Deposits with financial institutions	377,193
	<u>\$ 377,693</u>

Credit Risk - Deposits

The District maintains deposits in accordance with RSA 197:23-a which states that the district treasurer shall deposit the moneys in participation units in the public deposit investment pool established pursuant to RSA 383:22, or in solvent banks in the state, except that funds may be deposited in banks outside the state if such banks pledge and deliver to a third party custodial bank or the regional federal reserve bank collateral security for such deposits United States government obligations, United States government agency obligations, or obligations of the state of New Hampshire in value at least equal to the amount of the deposit in each case.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. District policy dictates that deposits shall be made with "Solvent banks whose deposits are federally insured in New Hampshire". As of June 30, 2023, \$0 of the District's bank balance of \$559,449 was exposed to custodial credit risk because it was uninsured and the collateral for the amounts was held by the depository's agent but not in the District's name.

ASHLAND SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2023

NOTE 4 - INTERFUND BALANCES AND TRANSFERS

Balances

Individual interfund balances reported as of June 30, 2023, were as follows:

	<u>Due From</u>	<u>Due To</u>
Major Funds:		
General fund	\$ 69,337	\$ -
Grants fund	-	115,175
Nonmajor Funds:		
Food service fund	30,348	-
Fitness trail	2,381	-
NHCT	13,109	-
	<u>\$ 115,175</u>	<u>\$ 115,175</u>

All of the interfund balances are the result of pooled cash maintained in the general fund.

Transfers

Individual interfund transfers for the year ended June 30, 2023, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General fund	\$ -	\$ 30,000
Nonmajor Funds:		
Food service fund	30,000	-
	<u>\$ 30,000</u>	<u>\$ 30,000</u>

The District makes routine transfers during the year between the general fund and other funds based upon statutory or budgetary authorization. There were no significant transfers made during the year that were not routine or were inconsistent with the activities of the fund making the transfer. The transfer to the food service fund was to subsidize operations.

ASHLAND SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2023

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

Intergovernmental Receivables

Intergovernmental receivables as of June 30, 2023, consisted of the following:

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Food Service Fund</u>	<u>Total Governmental Funds</u>
Local Governments				
Town of Ashland	\$ 434,671	\$ -	\$ -	\$ 434,671
				-
Federal / State Government				
Pass-through grants and other	<u>\$ -</u>	<u>\$ 116,345</u>	<u>\$ 11,247</u>	<u>\$ 127,592</u>
	<u>\$ 434,671</u>	<u>\$ 116,345</u>	<u>\$ 11,247</u>	<u>\$ 562,263</u>

Grant and food service receivables result from reimbursement requests not received until after year-end. The amount due from the Town of Ashland is for capital reserves required by state statute to be held by the local municipality.

Intergovernmental Payables

Intergovernmental payables as of June 30, 2023, were as follow:

	<u>Grants Fund</u>
Local Governments	
SAU #2	<u>\$ 1,170</u>
	<u>\$ 1,170</u>

The amounts payable to the SAU are for indirect costs related to providing management services for grants.

ASHLAND SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2023

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities (at cost)				
Capital assets not being depreciated:				
Land and improvements	\$ 1,696	\$ -	\$ -	\$ 1,696
Construction in progress	-	440,701	-	440,701
	<u>1,696</u>	<u>440,701</u>	<u>-</u>	<u>442,397</u>
Capital assets being depreciated:				
Land improvements	126,805	5,320	2,025	130,100
Buildings	2,312,385	35,121	6,000	2,341,506
Furniture and equipment	<u>1,261,932</u>	<u>51,874</u>	<u>105,347</u>	<u>1,208,459</u>
	<u>3,701,122</u>	<u>92,315</u>	<u>113,372</u>	<u>3,680,065</u>
Less accumulated depreciation:				
Land improvements	58,712	6,182	2,025	62,869
Buildings	1,263,174	69,422	6,000	1,326,596
Furniture and equipment	<u>1,136,001</u>	<u>48,369</u>	<u>105,347</u>	<u>1,079,023</u>
Accumulated depreciation	<u>2,457,887</u>	<u>123,973</u>	<u>113,372</u>	<u>2,468,488</u>
Capital assets being depreciated, net	<u>1,243,235</u>	<u>(31,658)</u>	<u>-</u>	<u>1,211,577</u>
Governmental activities capital assets, Net of accumulated depreciation	<u>\$ 1,244,931</u>	<u>\$ 409,043</u>	<u>\$ -</u>	<u>\$ 1,653,974</u>
Depreciation expense for the year ended June 30, 2023 (unallocated)				<u>\$ 123,973</u>

ASHLAND SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2023

NOTE 7 - LONG-TERM LIABILITIES

The District can issue general obligation debt instruments to provide funds for the acquisition and construction of major capital equipment, infrastructure and other facilities. General obligation debt instruments are "direct government obligations" and consequently are a pledge of the full faith and credit of the District. The District is obligated under certain leases. The leased assets are accounted for as capital assets and lease liabilities in the government-wide financial statements. In the governmental fund financial statements, leases are recorded as an expenditure and other financing source in the year executed; annual lease payments are recorded as expenditures when paid. Other long-term obligations include early retirement obligations, other post-employment benefit obligations and net pension liabilities.

A summary of long-term liabilities outstanding as of June 30, 2023, is as follows:

	Leases	Early Retirement Obligations	OPEB Liability	Net Pension Liability	Total
Beginning balance	\$ 6,090	\$ 50,069	\$ 394,664	\$ 2,414,544	\$ 2,865,367
Additions	-	-	19,907	869,311	889,218
Reductions	(6,090)	(24,837)	(16,962)	-	(47,889)
Ending balance	-	25,232	397,609	3,283,855	3,706,696
Current portion	-	-	-	-	-
Noncurrent portion	-	25,232	397,609	3,283,855	3,706,696
	\$ -	\$ 25,232	\$ 397,609	\$ 3,283,855	\$ 3,706,696

Long-term liabilities outstanding as of June 30, 2023, consisted of the following:

	Issue Year	Maturity Date	Original Amount of Issue	Amount Outstanding 6/30/23
Other Long-Term Obligations				
Early retirement benefits				\$ 25,232
OPEB obligations - Implicit Rate Subsidy				190,802
OPEB obligations - NHRS Medical Subsidy				206,807
Net pension liability				3,283,855
				\$ 3,706,696

NOTE 8 - PENSION PLAN

The District participates in the New Hampshire Retirement System (the "System"), a cost-sharing multiple-employer defined benefit pension plan and trust established in 1967 by RSA 100-A:2 administered by a Board of Trustees. The plan is a contributory plan that provides service, disability, death and vested retirement benefits to members and their beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

The System is funded by contributions from both the employees and the District. Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature while the employer contribution rates are determined by the System Board of Trustees based on an actuarial valuation. Plan members are required to contribute 7.0% of their covered salary. The District's contribution rates for the year ended June 30, 2023, were 21.02% and 14.06% of covered payroll for teachers and other employees, respectively. The District's contributions to the System for the years ending June 30, 2023, 2022, and 2021 were \$373,775, \$354,524, and \$274,736, respectively, equal to the required contributions for each year.

NOTE 9 – PROPORTIONATE SHARE OF NET PENSION LIABILITY

GASB Statement 68, *Accounting and Financial Reporting for Pensions*, established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense information about the fiduciary net position of the New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan (NHRS) and additions to/deductions from NHRS’s fiduciary net position have been determined on the same basis as they are reported by NHRS.

General Information about the Pension Plan

Plan description. The New Hampshire Retirement System (NHRS, Plan or System) is a public employee retirement system which administers a cost-sharing multiple-employer defined benefit pension plan (Pension Plan). For additional NHRS information, please refer to the fiscal 2022 Comprehensive Annual Financial Report, which can be found on the NHRS website at www.nhrs.org.

Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). 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.

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 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (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 1/1/12, the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service, as follows:

Years of creditable service as of January 1, 2012	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.40%
At least 6 but less than 8 years	47	22	2.30%
At least 4 but less than 6 years	48	23	2.20%
Less than 4 years	49	24	2.10%

Contributions. By Statute, the Board of Trustees of the System is responsible for the certification of employer contribution rates, which are determined through the preparation of biennial valuation of the System’s assets by the System’s actuary using the entry age normal cost method.

The employer contributions used in the schedules of employer allocations is a component of total employer contributions presented in the System’s financial statements for the corresponding period.

NOTE 9 – (continued)

Actuarial assumptions. The collective total pension liability was based on the following actuarial assumptions:

Inflation	2.0%	
Salary increases	5.4%	average, including inflation
Wage inflation	2.75%	(2.25% for Teachers)
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 to calculate the total pension liability as of June 30, 2022, were based on the results of the most recent actuarial experience study for the period from 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 class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Geometric Return</u>
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Public Equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Private Market Equity	20.00%	
Private Debt	5.00%	7.25%
Private Debt	5.00%	
Core U.S. Fixed Income (3)	25.00%	3.60%
Fixed Income	25.00%	
Inflation		2.25%
TOTAL	<u>100.00%</u>	7.30%

NOTE 9 – (continued)

Discount rate. The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan’s actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity Analysis.

The following presents the sensitivity of the collective net pension liability to changes in the discount rate. It presents the District’s proportionate share of the collective net pension liability calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the stated single discount rate:

	1% Decrease	Current single rate assumption	1% Increase
Employer's proportionate share of the net pension liability:			
June 30, 2023	\$ 4,406,105	\$ 3,283,855	\$ 2,350,808

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

As of June 30, 2023, the District reported a liability of \$3,283,855 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 an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating members, actuarially determined. As of June 30, 2023, the District’s proportion was 0.05724855 percent.

ASHLAND SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2023

NOTE 9 – (continued)

For the year ended June 30, 2023, the District recognized pension expense of \$292,196. As of June 30, 2023, the District 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	Total Excluding Employer Contributions
Differences between expected and actual experience	\$ 61,632	\$ 12,606	\$ 49,026
Net differences between projected and actual earnings on pension plan investments	124,454	-	124,454
Changes of assumptions	174,675	-	174,675
Changes in proportion and differences between Employer contributions and proportionate share of contributions	174,534	33,791	140,743
Employer contributions subsequent to the measurement date	349,587	-	NA
Total	\$ 884,882	\$ 46,397	\$ 488,898

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows/(Inflows)</u>
2024	\$ 174,910
2025	155,711
2026	(82,393)
2027	240,670
Total	\$ 488,898

NOTE 10 – ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

A. IMPLICIT RATE SUBSIDY OPEB

Plan Description

GASB Statement 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. The post-employment benefit liability is recognized on the Statement of Net Position over time.

GASB No. 75 requires that employers recognize the expected claims of the retiree population less the expected contributions by those retirees. This is not necessarily the same determination as the expected cash payments of the employer for retiree health benefits. The difference is that many post-employment health plans (including the School District's program) charge the same premium rates for all participants in a non-Medicare plan regardless of their age. This single premium rate is called a blended premium rate because it blends the expected claims of both active and retired participants. Retirees are generally older than the average participant in a non-Medicare plan, which means they are expected to generate higher claims than the average participant of the plan; therefore, they are receiving a subsidy even if they pay 100% of the blended premium rate because they would be paying less in premiums than their claims costs. This subsidy is referred to as the "Implicit Rate Subsidy".

Another way of considering the Implicit Rate Subsidy is to assume the retirees were removed from a blended plan and, instead, separately rated. In this scenario, the premium rate for the remaining active population would be lower; therefore, the retirees' premium rate is being subsidized by the premiums for active employees. Since the employer generally pays a portion of the premiums for the active employees, this subsidy creates a liability for the employer.

By comparison, the cash costs are the actual dollars paid by the employer to cover a portion or all of the retirees' premium rates. This is sometimes referred to as the "Explicit Rate Subsidy". This is the benefit that is explicitly stated by the School District that will be paid on behalf of retirees.

GASB 75 reports are required to value both the Implicit Rate Subsidy and the Explicit Rate Subsidy. This report values the Implicit Rate Subsidy only.

The School District's OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided

The School District 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. Retirees are required to continue to pay 100% of the cost of the premium. This valuation does not account for the cost of benefits to retirees or their spouses after age 65.

NOTE 10 – (continued)

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	0
Active Employees	<u>33</u>
Total Participants covered by OPEB Plan	<u><u>35</u></u>

Total OPEB Liability

The school district’s total OPEB liability of \$190,802 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial assumptions and other inputs

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs:

Discount Rate	3.54%
Healthcare Cost Trend Rates:	
2021 Trend (Pre 65 Single / Two Person / Post 65)	7.10%
2022 Trend	7.00%
Ultimate Trend	4.24%
Year Ultimate Trend is Reached	2090
Salary Increases	3.00%

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: Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Teachers Employees Headcount-Weighted Mortality fully generational using Scale MP-2021 fully generational.

NOTE 10 – (continued)

Significant Changes from the Previous Actuarial Valuation

- Increasing the discount rate from 2.21% to 3.54%.
- Initial trend rates were advanced, the model for trends in subsequent years is based on the Getzen Model as updated through September 2021.
- The payroll growth rate was increased from 2.00% to 3.00%.
- The election rate was changed from 100% to 50% based on expected future enrollment.
- Mortality assumption changed from SOA RP-2014 Total Dataset Mortality with Scale MP-2019 (Base Year 2006) to Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Teachers Employees Headcount-Weighted Mortality fully generational using Scale MP-2021.
- The tables used for retirement and termination assumptions were updated to reflect the most recent tables from the New Hampshire Retirement System Comprehensive Annual Financial Report dated June 30, 2019.
- The morbidity assumptions were updated to use the Dale Yamamoto model published by the Society of Actuaries to give a better projection of anticipated costs as adjusted for age.

Changes in the Total OPEB Liability

	June 30, 2023
OPEB Liability Beginning of Year	\$ 191,024
Changes for the year:	
Service Cost	10,278
Interest	6,462
Assumption Changes	-
Difference Between Actual and Expected Experience	-
Benefit payments	(16,962)
OPEB Liability End of Year	\$ 190,802

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB Liability, calculated using the discount rate of 3.54%, as well as what the total OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Discount Rate		
	1% Decrease	Baseline Rate	1% Increase
Total OPEB Liability	\$ 206,308	\$ 190,802	\$ 176,590

ASHLAND SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2023

NOTE 10 – (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

The following presents the total OPEB Liability, calculated using the trend rate of 7.10%, as well as what the total OPEB Liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline Rate	1% Increase
Total OPEB Liability	\$ 166,836	\$ 190,802	\$ 220,287

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

For the year ended June 30, 2020, the School District recognized an OPEB expense of \$(4,477). As of June 30, 2023, the School District reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Balance, beginning	\$ 45,015	\$ 174,375	\$ (129,360)
Experience Changes	-	-	-
Assumption Changes	-	-	-
Amortization	(23,362)	(44,579)	21,217
Balance, ending	\$ 21,653	\$ 129,796	\$ (108,143)

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

For the Year Ending June 30,	Deferred Outflows	Deferred Inflows	Net
2024	\$ 21,653	\$ 43,593	\$ (21,940)
2025	-	28,171	(28,171)
2026	-	28,171	(28,171)
2027	-	28,171	(28,171)
2028	-	1,690	(1,690)
Total	\$ 21,653	\$ 129,796	\$ (108,143)

NOTE 10 – (continued)

B. NEW HAMPSHIRE RETIREMENT SYSTEM MEDICAL SUBSIDY OPEB

Plan description

In addition to the OPEB plan discussed in A. above, the District participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS is a public employee retirement system which administers a cost-sharing, multiple-employer other postemployment benefit (OPEB) plan. For additional system information, please refer to the system's website at www.nhrs.org.

Benefits

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

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. The OPEB plan is closed to new entrants.

Participating employers are required by GASB No. 75 to recognize *their proportionate share* of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense of the Plan. The employer allocation is the ratio of each employer's contribution to the OPEB Plan's total employer contributions during the measurement period.

Contributions

Funding for the Medical Subsidy comes from employer contributions. Employer contribution rates are set by the NHRS pursuant to RSA 100-A:16, and the biennial actuarial valuation.

Proportionate Share of NHRS Net OPEB Liability

The District's proportionate share of the NHRS Medical Subsidy Net OPEB Liability as of the measurement date was \$206,807. The District's proportion of the net OPEB liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating members, actuarially determined. As of June 30, 2023, the District's proportion was 0.05472809 percent.

NOTE 10 – (continued)

Actuarial assumptions and other inputs

The collective total OPEB liability was based on the following actuarial assumptions:

Inflation	2.00%
Salary Increases	5.40% average, including inflation
Wage Inflation	2.75%
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 valuation to calculate the total OPEB liability as of June 30, 2022, were based on the results of an actuarial experience study for the period from July 1, 2015 – June 30, 2019.

Long-Term Rates of Return

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. The following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Geometric Return</u>
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Public Equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Private Market Equity	20.00%	
Private Debt	5.00%	7.25%
Private Debt	5.00%	
Core U.S. Fixed Income (3)	25.00%	3.60%
Fixed Income	25.00%	
Inflation		2.25%
TOTAL	<u>100.00%</u>	7.30%

NOTE 10 – (continued)

Discount Rate

The discount rate used to measure the collective OPEB liability was 6.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on this assumption, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the NHRS Medical Subsidy Net OPEB liability to changes in the discount rate:

The following presents the Net OPEB Liability, calculated using the discount rate as well as what the Net OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Discount Rate		
	1%		1%
	Decrease	Baseline Rate	Increase
Total OPEB Liability	\$ 224,524	\$ 206,807	\$ 191,377

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

For the year ended June 30, 2023, the District recognized an OPEB expense of \$23,014. As of June 30, 2023, the District reported deferred inflows and outflows of resources related to the Net OPEB Liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total exclusive of Employer Contribution
Net differences between projected and actual earnings on OPEB plan investments	\$ 565	\$ -	\$ 565
Employer contributions subsequent to the measurement date	24,188	-	NA
Total	<u>\$ 24,753</u>	<u>\$ -</u>	<u>\$ 565</u>

ASHLAND SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2023

NOTE 10 – (continued)

Deferred outflows of resources related to OPEB benefits resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB liabilities will be recognized in pension expense as follows:

For the Year Ending June 30,	Deferred Outflows/(Inflows)
2024	\$ 94
2025	24
2026	(222)
2027	669
Total	\$ 565

C. CONSOLIDATED IMPLICIT RATE SUBSIDY and NHRS OPEB LIABILITIES

The following consolidates the District's total OPEB liability and related deferred outflows/inflows of resources, and the District's proportionate share of the NHRS Medical Subsidy Net OPEB Liability and related deferred outflows/inflows of resources as of June 30, 2023.

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Total OPEB Expense
Implicit Rate Subsidy OPEB	\$ 190,802	\$ 21,653	\$ 129,796	\$ (4,477)
NHRS Medical Subsidy OPEB Plan	206,807	24,753	-	23,014
Total	\$ 397,609	\$ 46,406	\$ 129,796	\$ 18,537

ASHLAND SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2023

NOTE 11 - JOINT VENTURE

The District is a member of a joint venture, School Administrative Unit #2, (SAU). The District has an ongoing financial responsibility to fund the annual operations of the SAU along with the other members of the SAU. The SAU administers the operations of the member districts on a shared fee arrangement calculated under a cost allocation formula which is based on equalized property value and average daily enrollment of the member districts. The SAU does not accumulate financial resources and maintains minimal net position. The member districts and their respective financial responsibility to the SAU for the year ended June 30, 2023, are as follows:

Member School Districts	SAU ASSESSMENT	
	%	Amount
Interlakes	88.96%	\$ 1,095,206
Ashland	11.04%	135,967
	100.00%	\$ 1,231,173

The financial statements of School Administrative Unit #2 are available for public review, by request, at the SAU Office on Main Street, Meredith, NH 03253.

NOTE 12 - COLLECTIVE BARGAINING AGREEMENTS

The District normally negotiates long-term agreements with qualifying employee groups through a formal collective bargaining process. The District voters must ratify the agreement. State budgetary statutes require disclosure of certain aggregate cost items / cost item increases to be incurred during the term of the agreement. Cost items include levels of compensation and related fringe benefits (such as the District portion of employee health, dental, group life and disability insurances) and sick, vacation and other compensated absences or special termination benefits.

NOTE 13 - FUND BALANCE COMPONENTS

The District's governmental fund balance components under GASB 54 are comprised of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:	\$ 2,048	\$ -	\$ 2,048
Restricted:			
Fitness trail	-	2,381	2,381
NHTC fund	-	13,109	13,109
Committed:			
Capital reserves	434,671	-	434,671
Assigned:			
Food service	-	37,013	37,013
Student Activities	-	27,440	27,440
Unassigned:	416,369	-	416,369
	\$ 853,088	\$ 79,943	\$ 933,031

REQUIRED SUPPLEMENTARY INFORMATION

ASHLAND SCHOOL DISTRICT

Budgetary Comparison Schedule - General Fund Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance
Budgetary Fund Balance - Beginning	\$ 159,739	\$ 379,633	\$ 379,581	\$ (52)
Resources (inflows):				
School district assessment				
Local school tax	2,654,973	2,654,973	2,654,973	-
Local sources				
Earnings on investments	200	200	2,257	2,057
Other	500	500	5	(495)
State of New Hampshire sources				
Other state sources	20,668	20,668	20,668	-
Adequacy grant	814,283	814,283	814,321	38
State education tax	266,441	266,441	266,441	-
Federal sources				
Medicaid distribution	100	100	493	393
Federal forest reserve	383	383	356	(27)
Operating transfers in				
Received from capital reserves	198,595	198,595	198,595	-
Amounts available for appropriation	<u>4,115,882</u>	<u>4,335,776</u>	<u>4,337,690</u>	<u>1,914</u>
Charges to appropriations (outflows):				
Instruction				
Regular instruction	1,707,147	1,707,173	1,580,132	127,041
Special education instruction	473,804	473,804	366,756	107,048
Other instruction	50,774	50,774	69,785	(19,011)
Support services				
Student support services	373,322	373,322	572,892	(199,570)
Instructional staff services	241,367	241,732	32,677	209,055
General administration				
School board contingency	-	-	20,287	(20,287)
School board	39,697	41,947	15,962	25,985
Executive administration				
SAU management services	135,967	135,967	135,967	-
School administrative services	277,881	278,691	318,574	(39,883)
Operation and maintenance	401,489	617,932	435,537	182,395
Student transportation	72,234	72,234	71,482	752
Support services	48,605	48,605	5,557	43,048
Capital outlay				
Machinery, vehicles and equipment	198,595	198,595	188,665	9,930
Operating transfers out				
Special revenue funds	20,000	20,000	30,000	(10,000)
Transfer to capital reserve	75,000	75,000	75,000	-
Total charges to appropriations	<u>4,115,882</u>	<u>4,335,776</u>	<u>3,919,273</u>	<u>416,503</u>
Budgetary Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,417</u>	<u>\$ 418,417</u>

See the accompanying notes to the required supplementary information.

ASHLAND SCHOOL DISTRICT

Schedule of Changes in Implicit Rate Subsidy OPEB Liability Year Ended June 30, 2023

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total OPEB Liability Beginning of Year	\$ 344,524	\$ 336,005	\$ 332,641	\$ 363,679	\$ 361,724	\$ 191,024
Changes for the Year:						
Service Cost	16,080	15,880	19,302	19,729	9,926	10,278
Interest	11,789	12,391	7,757	7,712	6,472	6,462
Assumption Changes	(5,932)	-	113,793	-	(136,510)	-
Difference Between Actual and Expected Experience	-	-	(81,054)	-	(34,206)	-
Benefit payments	(30,456)	(31,635)	(28,760)	(29,396)	(16,382)	(16,962)
Total OPEB Liability End of Year	<u>\$ 336,005</u>	<u>\$ 332,641</u>	<u>\$ 363,679</u>	<u>\$ 361,724</u>	<u>\$ 191,024</u>	<u>\$ 190,802</u>
District's covered-employee payroll	\$ 1,292,970	\$ 1,318,829	\$ 1,416,652	\$ 1,444,985	\$ 1,570,102	\$ 1,648,607
Total OPEB Liability as a percentage of covered payroll	25.99%	25.22%	25.67%	25.03%	12.17%	11.57%

See the accompanying notes to the required supplementary information.

ASHLAND SCHOOL DISTRICT

Schedules of Proportionate Share and Contributions of the NHRS Net OPEB Liability Year Ended June 30, 2023

Schedule of Proportionate Share of Net OPEB Liability New Hampshire Retirement System Medical Subsidy

Fiscal Year	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Net OPEB as a Percentage of Covered Payroll (AAL)	Plan Fiduciary
					Net Position as a Percentage of the Net OPEB Liability
June 30, 2023	0.05472809%	\$ 206,807	\$ 1,925,162	11%	10.64%
June 30, 2022	0.05085203%	\$ 203,640	\$ 1,821,239	11%	11.06%
June 30, 2021	0.05211430%	\$ 228,109	\$ 1,671,317	14%	7.74%
June 30, 2020	0.04682493%	\$ 205,286	\$ 1,561,385	13%	7.75%
June 30, 2019	0.04634551%	\$ 212,191	\$ 1,471,544	14%	7.53%
June 30, 2018	0.05998473%	\$ 274,271	\$ 1,433,058	19%	7.91%

Schedule of Medical Subsidy Contributions New Hampshire Retirement System Medical Subsidy

Fiscal Year	Contractually Required Contribution	Contributions Relative to		Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
		Contractually Required Contribution	Contribution Deficiency (Excess)		
June 30, 2023	\$ 23,046	\$ 23,046	\$ -	\$ 1,925,162	1.20%
June 30, 2022	\$ 24,437	\$ 24,437	\$ -	\$ 1,821,239	1.34%
June 30, 2021	\$ 24,190	\$ 24,190	\$ -	\$ 1,671,317	1.45%
June 30, 2020	\$ 21,369	\$ 21,369	\$ -	\$ 1,561,385	1.37%
June 30, 2019	\$ 20,500	\$ 20,500	\$ -	\$ 1,471,544	1.39%
June 30, 2018	\$ 35,553	\$ 35,500	\$ (53)	\$ 1,433,058	2.48%

See the accompanying notes to the required supplementary information.

ASHLAND SCHOOL DISTRICT

Schedules of Proportionate Share and Contributions of the Net Pension Liability Year Ended June 30, 2023

Schedule of Proportionate Share of the Net Pension Liability

New Hampshire Retirement System Net Pension Liability

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Net Pension as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2023	0.05724855%	\$ 3,283,855	\$ 1,925,162	170.58%	65.12%
June 30, 2022	0.05448077%	\$ 2,414,544	\$ 1,821,239	132.58%	72.22%
June 30, 2021	0.05557106%	\$ 3,554,409	\$ 1,671,317	212.67%	58.72%
June 30, 2020	0.05277819%	\$ 2,539,504	\$ 1,561,385	162.64%	65.59%
June 30, 2019	0.05150456%	\$ 2,480,049	\$ 1,471,544	168.53%	64.73%
June 30, 2018	0.04863307%	\$ 2,391,771	\$ 1,433,058	166.90%	62.66%
June 30, 2017	0.04680866%	\$ 2,489,095	\$ 1,348,164	184.63%	58.30%
June 30, 2016	0.04738116%	\$ 1,877,017	\$ 1,354,835	138.54%	65.47%
June 30, 2015	0.04955701%	\$ 1,860,165	\$ 1,373,235	135.46%	66.32%
June 30, 2014	0.05107545%	\$ 2,198,177	\$ 1,427,850	153.95%	59.81%

Schedule of Pension Contributions

New Hampshire Retirement System Pension Contributions

Fiscal Year	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2023	\$ 331,478	\$ 331,478	\$ -	\$ 1,925,162	17.22%
June 30, 2022	\$ 250,299	\$ 250,299	\$ -	\$ 1,821,239	13.74%
June 30, 2021	\$ 246,870	\$ 246,870	\$ -	\$ 1,671,317	14.77%
June 30, 2020	\$ 229,681	\$ 229,681	\$ -	\$ 1,561,385	14.71%
June 30, 2019	\$ 217,688	\$ 217,688	\$ -	\$ 1,471,544	14.79%
June 30, 2018	\$ 177,512	\$ 178,164	\$ 652	\$ 1,433,058	12.39%
June 30, 2017	\$ 167,605	\$ 167,612	\$ 7	\$ 1,348,164	12.43%
June 30, 2016	\$ 159,065	\$ 158,958	\$ (107)	\$ 1,354,835	11.74%
June 30, 2015	\$ 160,774	\$ 160,774	\$ -	\$ 1,373,235	11.71%
June 30, 2014	\$ 127,001	\$ 127,001	\$ -	\$ 1,427,850	8.89%

See the accompanying notes to the required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - BUDGETARY INFORMATION

A. Original Budget

Governmental budgetary appropriations and estimated revenues are accounted for on a fund basis in accordance with state statutes, administrative rules and local laws, policies or procedures. The budgetary process results in a formally adopted District budget by voters at the annual District meeting. Subsequent regulatory reviews by departments of the State of New Hampshire are made of the budgetary process (warrant articles, required results of votes, etc.), adopted budget and the estimated revenues of the District. After final allocation of state aid programs to the District and approval of final estimated revenues (including the use of beginning unassigned general fund balance), a balanced District budget is achieved in accordance with State statute (the "original" budget). The original budget is the first complete, legally appropriated budget adjusted for appropriate changes occurring *before* the beginning of the year.

B. Budgetary Changes, Transfers, Encumbrances and Continuing Appropriations

Budgetary Changes

In accordance with RSA 198:20-b, appropriations may be made by the school board by applying for, accepting and expending unanticipated funds (money from a state, federal or other governmental unit or a private source) which become available during the year without further action by the District. Such money may be used only for legal purposes for which a school district may appropriate money; shall not require the expenditure of other school district funds except those funds lawfully appropriated for the same purpose; and shall be exempt from the provisions of RSA 32 relative to the limitation of expenditure of school district moneys. The statute requires the school board to hold a public hearing on the action to be taken and to comply with various public notice requirements.

Transfers

The school board may authorize budgetary transfers between allowable appropriations (programs, functions or categories); however, total expenditures may not exceed the total allowable appropriations budgeted (which consists of the original budget plus appropriations allowable under RSA 198:20-b, encumbrances carried forward from the prior year and continuing appropriations, if any).

Encumbrances and Continuing Appropriations

All annual appropriations lapse at year-end unless encumbered. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbrances are not expenditures and are reported as an assignment of fund balance in governmental funds and are carried forward to supplement appropriations of the subsequent year.

Certain appropriations that are not "annual appropriations" do not lapse at year-end. These continuing appropriations include those from special or unanticipated revenues, capital projects and specific items that are not required to have been completed at year-end. Continuing appropriations are reported as a commitment of fund balances in governmental funds and are carried forward to supplement appropriations of the subsequent year.

C. Final Budget

The final budget consists of the original budget adjusted for appropriate legal changes applicable to the year, including those occurring during and after the end of the year.

NOTE 2 - EXPLANATION OF BUDGETARY TO GAAP DIFFERENCES

Basis and Timing Differences

The basis of accounting or the timing of transactions used or applied by the funds in the basic financial statements (fund financial statements) differs from the basis of accounting or timing of transactions used or applied by the funds for budgetary purposes. The following is an explanation of the differences between budgetary inflows and outflows and GAAP revenues and expenditures.

Budgetary Fund	General Fund
Financial Statement Major Fund	General Fund
Sources / Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,337,690
Budgetary inflows that are not revenues for financial reporting purposes:	
Beginning fund (balance) deficit	(379,581)
Transfers from capital reserves	(198,595)
Revenues for financial reporting purposes that are not inflows for budgetary purposes:	
Capital reserves earnings on investments	3,167
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 3,762,681
Uses / Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,919,273
Budgetary outflows that are not expenditures for financial reporting purposes:	
Capital reserve transfers	(75,000)
Transfers to other funds	(30,000)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 3,814,273

NOTE 3 –REQUIRED OPEB SUPPLEMENTARY INFORMATION

The district is required to prepare its financial statements in accordance with accounting principles generally accepted in the United States. Accordingly, the district is required to disclose its obligations for post-employment benefits. In addition to pensions, these benefits include health insurance paid on behalf of retirees (Implicit Rate Subsidy) and medical subsidies to retirees paid by the NHRS (NHRS Medical Subsidy Plan). Guidance for the disclosure required is contained in Governmental Accounting Standards Board Statement No. 75 - "Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions" (GASB No. 75). No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

Implicit Rate Subsidy OPEB – The implicit rate subsidy as described in the notes to the financial statements is required to report as required supplementary information a **Schedule of Changes in Implicit Rate Subsidy OPEB Liability** for the 10 most recent years. Subsequent year's information will be added as it becomes available.

NHRS Medical Subsidy OPEB Plan – The NHRS medical subsidy plan as described in the notes to the financial statements is required to report as required supplementary information the following:

- **Schedule of Proportionate Share of NHRS Net Medical Subsidy OPEB Liability**
- **Schedule of Contributions**

The information presented in the *Schedule of Proportionate Share of NHRS Net Medical Subsidy OPEB Liability* is determined as of the measurement date of the Plan.

The information presented in the *Schedule of Contributions* is determined as of the Plan's most recent fiscal year-end.

This information is required to be reported for the 10 most recent years. Subsequent year's information will be added as it becomes available.

NOTE 4 – GASB 68 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES

In accordance with GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions*, the district is required to disclose historical data for each of the prior ten years within the following schedules:

- **Schedule of the Proportionate Share of Net Pension Liability**
- **Schedule of Pension Contributions**

The information presented in the *Schedule of the Proportionate Share of Net Pension Liability* is determined as of the measurement date of the Plan.

The information presented in the *Schedule of Pension Contributions* is determined as of the Plan's most recent fiscal year-end.

OTHER SUPPLEMENTARY INFORMATION

ASHLAND SCHOOL DISTRICT

Combining Balance Sheet - Nonmajor Governmental Funds June 30, 2023

	Food Service Fund	Fitness Trail Fund	NH Charitable Fund	Student Activities Fund	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 27,440	\$ 27,440
Due from other governments	11,247	-	-	-	11,247
Due from other funds	30,348	2,381	13,109	-	45,838
Total assets	<u>\$ 41,595</u>	<u>\$ 2,381</u>	<u>\$ 13,109</u>	<u>\$ 27,440</u>	<u>\$ 84,525</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,996	\$ -	\$ -	\$ -	\$ 1,996
Deferred revenue	2,586	-	-	-	2,586
Total liabilities	<u>4,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,582</u>
Fund balances:					
Restricted	-	2,381	13,109	-	15,490
Assigned	37,013	-	-	27,440	64,453
Total fund balances	<u>37,013</u>	<u>2,381</u>	<u>13,109</u>	<u>27,440</u>	<u>79,943</u>
Total liabilities and fund balances	<u>\$ 41,595</u>	<u>\$ 2,381</u>	<u>\$ 13,109</u>	<u>\$ 27,440</u>	<u>\$ 84,525</u>

ASHLAND SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2023

	Food Service Fund	Fitness Trail Fund	NH Charitable Fund	Student Activities Fund	Total Nonmajor Governmental Funds
Revenues					
Local sources	\$ 33,589	\$ -	\$ 8,395	\$ 41,299	\$ 83,283
State of New Hampshire sources	1,255	-	-	-	1,255
Federal sources	58,615	-	-	-	58,615
Operating transfers in	30,000	-	-	-	30,000
Total revenues	<u>123,459</u>	<u>-</u>	<u>8,395</u>	<u>41,299</u>	<u>173,153</u>
Expenditures					
Instruction	-	-	-	34,916	34,916
Food service program	115,389	-	-	-	115,389
Total expenditures	<u>115,389</u>	<u>-</u>	<u>-</u>	<u>34,916</u>	<u>150,305</u>
Excess revenues over (under) expenditures	8,070	-	8,395	6,383	22,848
Fund balances, beginning	<u>28,943</u>	<u>2,381</u>	<u>4,714</u>	<u>21,057</u>	<u>57,095</u>
Fund balances, ending	<u>\$ 37,013</u>	<u>\$ 2,381</u>	<u>\$ 13,109</u>	<u>\$ 27,440</u>	<u>\$ 79,943</u>