

# SCHOOL ADMINISTRATIVE UNIT NO. 41

## FINANCIAL REPORT

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

**SCHOOL ADMINISTRATIVE UNIT NO. 41  
FINANCIAL REPORT  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

**TABLE OF CONTENTS**

	<b><u>PAGES</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Position (Exhibit 1)	10
Statement of Activities (Exhibit 2)	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds (Exhibit 3)	12
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position (Exhibit 4)	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit 5)	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit 6)	15
General Fund - Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) (Exhibit 7)	16
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	17
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Changes in the School Administrative Unit's Total OPEB Liability and Related Ratios (Exhibit 8)	29
Schedule of the School Administrative Unit's OPEB Contributions (Exhibit 9)	30
Schedule of the School Administrative Unit's Proportionate Share of the Net Pension Liability (Exhibit 10)	31
Schedule of the School Administrative Unit's Pension Contributions (Exhibit 11)	32
Note to the Required Supplementary Information	33
<b>INDIVIDUAL GENERAL FUND SCHEDULES</b>	
Schedule of Estimated and Actual Revenues (Exhibit 12)	34
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis) (Exhibit 13)	35
Schedule of Changes in Unassigned Fund Balance (Exhibit 14)	36
<b>INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT</b>	37



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT

To the Members of the School Administrative Unit Board  
School Administrative Unit No. 41  
Hollis, New Hampshire

We have audited the accompanying financial statements of the governmental activities, the major fund, and the remaining fund information of the School Administrative Unit No. 41 as of and for the fiscal year ended June 30, 2018, which collectively comprise the School Administrative Unit's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the remaining fund information of the School Administrative Unit No. 41, as of June 30, 2018, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

*Change in Accounting Principles*

As discussed in Note I.B.5. to the financial statements, in fiscal year 2018, the School Administrative Unit adopted new accounting guidance regarding the accounting and reporting for postemployment benefits other than pensions. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of other postemployment benefits and pension information on pages 3-9 and 29-32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational and economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Administrative Unit No. 41's basic financial statements. The individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. They are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Roberts & Greene, PLLC*

Concord, New Hampshire  
March 20, 2019

**SCHOOL ADMINISTRATIVE UNIT #41  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2018**

This section of the School Administrative Unit #41 annual financial report presents our discussion and analysis of the district's financial performance during the fiscal year that ended June 30, 2018. Responsibility for the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material performance as a whole. With this in mind, please also refer to the district's financial statements, which immediately follow this section. The MDA is an element of required supplementary information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999.

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

1. The first two basic financial statements provide both short-term and long-term information about the district's overall financial status.
2. The remaining basic financial statements are fund financial statements that focus on individual parts of the district, reporting the district's operations in more detail than the district-wide statements. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**DISTRICT-WIDE STATEMENTS**

The district-wide statements report information about the district as a whole. The statement of net position includes all of the district's assets and liabilities, except for capital assets. All of the current year's revenues and expense are accounted for in the statement of activities regardless of when cash is received or paid. Net position – the difference between the district's assets and liabilities – is one way to measure the district's financial health or position. The district-wide statements present and aggregate view of the finances of the school district by answering the question, "How did the school district do financially during the 2017-18 school year?" These statements report all assets and liabilities

**SCHOOL ADMINISTRATIVE UNIT #41  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2018**

using the accrual basis of accounting used by most private-sector enterprises. The accrual basis takes into account all of the district's current-year revenues and expenses regardless of when they were paid or received.

In the district-wide financial statements the district's activities are listed as governmental activities, which includes most of the district's basic service, such as regular and special education, transportation, and administration. Property taxes and state revenue finance most of the 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 the district uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The district establishes other funds to control and manage money for particular purposes (like repaying long-term debts) or to show that it is properly using certain revenues (like federal grants).

The district has two types of funds:

- Governmental funds – Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash (and other financial assets that can be readily converted to cash) flows in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. This information does not encompass the additional long-term focus of the district-wide statements. We provide additional information with the governmental funds statements that explain the relationship (or differences) between them. An annual appropriation budget is adopted for governmental funds. A budgetary comparison has been provided for the General and Grant funds.
- Fiduciary Funds – The district is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the district's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in the fiduciary net position. These activities are not included in the district-wide financial statements because the district cannot use these assets to finance its operations.

**Notes to the Basic Financial Statements**

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

**SCHOOL ADMINISTRATIVE UNIT #41  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2018**

**Government-Wide Financial Analysis**

**School Administrative Unit #41**

**Statement of Net Position**

A summary of the District's net position as of June 30, 2018 as compared to June 30, 2017:

	<b>2017</b>	<b>2018</b>	<b>Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
<b>Assets</b>				
Current and Other Assets	201,618	232,426	30,808	15.28%
Intangible Assets	8,481	2,137	(6,344)	-74.80%
<b>Total Assets</b>	<b>210,099</b>	<b>234,563</b>	<b>24,464</b>	<b>11.64%</b>
<b>Deferred Outflow of Resources</b>	<b>454,255</b>	<b>302,543</b>	<b>(151,712)</b>	<b>-33.40%</b>
<b>Liabilities</b>				
Long-term Liabilities Outstanding	1,284,690	1,193,725	(90,965)	-7.08%
Other Liabilities	32,711	50,088	17,377	53.12%
<b>Total Liabilities</b>	<b>1,317,401</b>	<b>1,243,813</b>	<b>(73,588)</b>	<b>-5.59%</b>
<b>Deferred Inflows of Resources</b>	<b>152,421</b>	<b>129,305</b>	<b>(23,116)</b>	<b>-15.17%</b>
<b>Net Position</b>				
Net Investment in Capital Assets	8,481	2,137	(6,344)	-74.80%
Restricted	-		-	
Unrestricted	(838,194)	(838,149)	45	-0.01%
<b>Total Net Position</b>	<b>(829,713)</b>	<b>(836,012)</b>	<b>(6,299)</b>	<b>0.76%</b>

**SCHOOL ADMINISTRATIVE UNIT #41  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2018**

**School Administrative Unit #41**

**Statement of Activities**

Change in fund revenue and expense for fiscal year 2018 compared to fiscal year 2017:

<b>Revenues:</b>	<b>2017</b>	<b>2018</b>	<b>Change</b>	<b>% Change</b>
Program Revenues				
Charges for Services			-	
Operating Grants and Contributions	39,517	71,130	31,613	80.00%
Capital Grants and Contributions	-	-	-	
General Revenues:				
Assessment	1,447,377	1,467,526	20,149	1.39%
Grants and Contributions	-	-	-	
Miscellaneous	-	952	952	
<b>Total Revenues</b>	<b>1,486,894</b>	<b>1,539,608</b>	<b>52,714</b>	<b>3.55%</b>
<b>Program Expenses:</b>				
Instruction	112,648	116,864	4,216	3.74%
General Administration	890	1,300	410	46.07%
Executive Administration	478,883	491,303	12,420	2.59%
Business	376,268	367,776	(8,492)	-2.26%
Operation and Maintenance of Plant	36,293	39,871	3,578	9.86%
Central	142,513	154,456	11,943	8.38%
Other	363,745	374,337	10,592	2.91%
<b>Total Expenses</b>	<b>1,511,240</b>	<b>1,545,907</b>	<b>34,667</b>	<b>2.29%</b>
Change in Net Position	(24,346)	(6,299)	18,047	-74.13%
Net Position - Beginning	(781,122)	(829,713)	(48,591)	6.22%
<b>Net Position - Ending</b>	<b>(805,468)</b>	<b>(836,012)</b>	<b>(30,544)</b>	<b>3.79%</b>



**SCHOOL ADMINISTRATIVE UNIT #41  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2018**

**Revenues:**

The variance in assessment revenue for SAU 41 between FY17 and FY18 was expected based on what each district approved at their respective annual meetings. The SAU also saw an increase in the Operating Grants and Contributions revenue line in FY18 from e-rate reimbursements. E-rate funds are federal grant money reimbursing our district for internet, phone, long distance, and wireless expenses.

**Expenditures:**

Expenditures for SAU 41 in FY18 were \$34,667 higher than the previous year. Primary drivers of this increase were the following:

- Rent for our office building increased from \$8,000 to \$13,000 annually, payable to the Hollis School District.
- There was a significant increase in benefit expenses: health insurance (+\$20K) and retirement (+\$6K). Despite health insurance rates declining about one percent from the previous year, this was offset by higher plan participation. New Hampshire Retirement System rates increased slightly for all staff from the previous year; there was also a shift in some employees moving to a different classification, moving from employer rate of 11.38% to 17.36%.

**SCHOOL ADMINISTRATIVE UNIT #41  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2018**

**SAU 41 General Fund Revenues and Expenditures FY18**

**Budget v. Actuals**

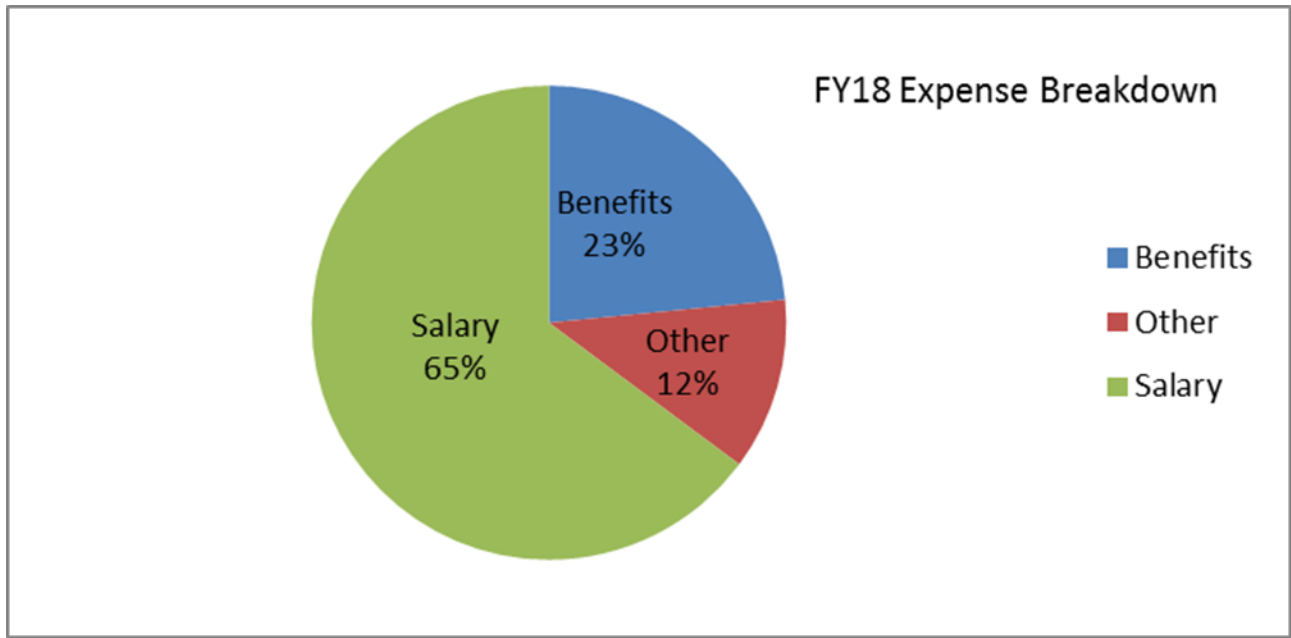
<b>Revenue</b>	<b>Original Budget</b>	<b>Actual</b>	<b>Variance</b>
School District Assessment	1,467,526	1,467,526	-
Other Local	-	952	952
State	-	-	-
Federal	4,000	4,088	88
<b>Total Revenues</b>	<b>1,471,526</b>	<b>1,472,566</b>	<b>1,040</b>

<b>Expenditures</b>	<b>Original Budget</b>	<b>Actual</b>	<b>Variance</b>
Instructional Staff	115,200	114,364	836
General Administration	1,450	1,300	150
Executive Administration	493,286	491,303	1,983
Business	365,340	367,776	(2,436)
Operation and maintenance of plant	44,012	43,131	881
Central	112,933	111,256	1,677
Other	366,409	363,206	3,203
<b>Total Expenditures</b>	<b>1,498,630</b>	<b>1,492,336</b>	<b>6,294</b>

The FY18 actual revenue and expenditures varied only slightly from the budget.

The SAU revenue exceeded budget by \$1040. Almost the entire revenue budget consists of the school district assessments. The assessments are determined by the towns' district meeting votes in the preceding year, so the revenue budget is very accurate. The expenditure budget was slightly higher than actual expenses, with a net savings to the SAU of \$6,294. The district spent less than budgeted in snow removal, heating oil, conferences, and salary savings due to turnover. The SAU went over-budget in unexpectedly needing to use a temp agency to fill positions.

**SCHOOL ADMINISTRATIVE UNIT #41  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2018**



**CAPITAL ASSET AND DEBT ADMINISTRATION**

The School Administrative Unit carries no debt. The physical office structure and land are property of the Hollis School District and as such the value of the building is not a reportable asset.

**OTHER DISCUSSION**

The district's financial status is sound. Being that the majority of cost is associated to salary and benefits the budget is rather predictable from year to year.

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Administrator at SAU #41, 4 Lund Lane, Hollis, NH 03049, by telephone at 603-324-5999, or via email at [kelly.seeley@sau41.org](mailto:kelly.seeley@sau41.org).

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**SCHOOL ADMINISTRATIVE UNIT NO. 41**  
**Statement of Net Position**  
**June 30, 2018**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 224,759
Intergovernmental receivables	5,722
Other receivables	1,320
Prepaid items	625
Intangible assets, net of accumulated amortization	2,137
Total assets	234,563
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	302,543
<b>LIABILITIES</b>	
Accounts payable	40,204
Accrued salaries and benefits	9,884
Noncurrent obligations:	
Due in more than one year:	
Other postemployment benefits liability	22,165
Net pension liability	1,171,560
Total liabilities	1,243,813
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	128,869
Deferred amounts related to OPEB	436
	129,305
<b>NET POSITION</b>	
Net investment in capital assets	2,137
Unrestricted	(838,149)
Total net position	\$ (836,012)

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

**EXHIBIT 2**  
**SCHOOL ADMINISTRATIVE UNIT NO. 41**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes In Net Position</u>
<b>Governmental activities:</b>			
Instruction	\$ 2,500	\$ 2,500	\$ -
Support services:			
Instructional staff	114,364	-	(114,364)
General administration	1,300	-	(1,300)
Executive administration	491,303	-	(491,303)
Business	367,776	-	(367,776)
Operation and maintenance of plant	39,871	-	(39,871)
Central	154,456	68,629	(85,827)
Other	374,337	-	(374,337)
Total governmental activities	<u>\$ 1,545,907</u>	<u>\$ 71,129</u>	<u>(1,474,778)</u>
General revenues:			
School district assessment			1,467,526
Miscellaneous			953
Total general revenues			<u>1,468,479</u>
Change in net position			(6,299)
Net position, beginning			<u>(829,713)</u>
Net position, ending			<u>\$ (836,012)</u>

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

**EXHIBIT 3**  
**SCHOOL ADMINISTRATIVE UNIT NO. 41**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	General	Other Governmental Fund Miscellaneous	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 151,195	\$ 73,564	\$ 224,759
Accounts receivable	800	520	1,320
Intergovernmental receivable	5,722	-	5,722
Prepaid items	625	-	625
Total assets	<u>\$ 158,342</u>	<u>\$ 74,084</u>	<u>\$ 232,426</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 8,889	\$ 31,315	\$ 40,204
Accrued salaries and benefits	9,884	-	9,884
Total liabilities	<u>18,773</u>	<u>31,315</u>	<u>50,088</u>
Fund balances:			
Committed	-	42,769	42,769
Assigned	10,060	-	10,060
Unassigned	129,509	-	129,509
Total fund balances	<u>139,569</u>	<u>42,769</u>	<u>182,338</u>
Total liabilities and fund balances	<u>\$ 158,342</u>	<u>\$ 74,084</u>	<u>\$ 232,426</u>

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

**EXHIBIT 4**  
**SCHOOL ADMINISTRATIVE UNIT NO. 41**  
**Reconciliation of Total Governmental Fund Balances to the Statement of Net Position**  
**June 30, 2018**

Total fund balances of governmental funds (Exhibit 3)	\$	182,338
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$	104,025
Less accumulated amortization		<u>(101,888)</u>
		2,137
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Other postemployment benefits liability	\$	22,165
Net pension liability		<u>1,171,560</u>
		(1,193,725)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$	302,543
Deferred inflows of resources related to pensions		(128,869)
Deferred inflows of resources related to OPEB		<u>(436)</u>
		<u>173,238</u>
Net position of governmental activities (Exhibit 1)	\$	<u><u>(836,012)</u></u>

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



**EXHIBIT 5**  
**SCHOOL ADMINISTRATIVE UNIT NO. 41**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2018**

	General	Other Governmental Fund Miscellaneous	Total Governmental Funds
<b>REVENUES</b>			
School districts' assessments	\$ 1,467,526	\$ -	\$ 1,467,526
Other local	952	67,042	67,994
Federal	4,088	-	4,088
Total revenues	<u>1,472,566</u>	<u>67,042</u>	<u>1,539,608</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	-	2,500	2,500
Support services:			
Instructional staff	114,364	-	114,364
General administration	1,300	-	1,300
Executive administration	491,303	-	491,303
Business	367,776	-	367,776
Operation and maintenance of plant	39,871	-	39,871
Central	111,256	36,856	148,112
Other	356,706	4,245	360,951
Total expenditures	<u>1,482,576</u>	<u>43,601</u>	<u>1,526,177</u>
Net change in fund balances	(10,010)	23,441	13,431
Fund balances, beginning	149,579	19,328	168,907
Fund balances, ending	<u>\$ 139,569</u>	<u>\$ 42,769</u>	<u>\$ 182,338</u>

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

**EXHIBIT 6**  
**SCHOOL ADMINISTRATIVE UNIT NO. 41**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2018**

---

Net change in fund balances of total governmental funds (Exhibit 5)		\$ 13,431
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as amortization expense.		
Amortization expense		(6,344)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in other postemployment benefits related balances		5,136
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
School District pension contributions	\$ 94,228	
Cost of benefits, net of employee contributions	<u>(112,750)</u>	
		<u>(18,522)</u>
Change in net position of governmental activities (Exhibit 2)		<u>\$ (6,299)</u>

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

**EXHIBIT 7**  
**SCHOOL ADMINISTRATIVE UNIT NO. 41**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
School districts' assessments	\$ 1,467,526	\$ 1,467,526	\$ -
Other local	-	952	952
Federal	4,000	4,088	88
Total revenues	<u>1,471,526</u>	<u>1,472,566</u>	<u>1,040</u>
<b>EXPENDITURES</b>			
Current:			
Support services:			
Instructional staff	115,200	114,364	836
General administration	1,450	1,300	150
Executive administration	493,286	491,303	1,983
Business	365,340	367,776	(2,436)
Operation and maintenance of plant	44,012	43,131	881
Central	112,933	111,256	1,677
Other	366,409	363,206	3,203
Total expenditures	<u>1,498,630</u>	<u>1,492,336</u>	<u>6,294</u>
Net change in fund balance	<u>\$ (27,104)</u>	<u>(19,770)</u>	<u>\$ 7,334</u>
Unassigned fund balance, beginning		<u>149,279</u>	
Unassigned fund balance, ending		<u>\$ 129,509</u>	

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**SCHOOL ADMINISTRATIVE UNIT NO. 41  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDING  
JUNE 30, 2018**

**I. Summary of Significant Accounting Principles**

**I.A. Introduction**

The accounting and reporting framework and the more significant accounting principles and practices of the School Administrative Unit No. 41 (the School Administrative Unit) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the School Administrative Unit's financial activities for the fiscal year ended June 30, 2018.

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

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

The School Administrative Unit No. 41 is a municipal corporation governed by a school administrative unit board consisting of all the members of each member school board. The School Administrative Unit No. 41 is incorporated in accordance with New Hampshire law and provides centralized administrative services for the Brookline, Hollis, and Hollis-Brookline Cooperative School Districts. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on the stated criteria, the School Administrative Unit's financial statements do not include any component units.

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

*Government-Wide Financial Statements*

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

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

**SCHOOL ADMINISTRATIVE UNIT NO. 41  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDING  
JUNE 30, 2018**

*Fund Financial Statements*

Fund financial statements are provided for governmental funds with the major fund in its own column.

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

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

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

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

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

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

*Governmental Funds*

The School Administrative Unit reports the following major governmental fund:

*General Fund* – Reports as the primary fund of the School Administrative Unit. This fund is used to account for all financial resources not reported in the other fund.

The School Administrative Unit also reports the following nonmajor governmental fund:

*Miscellaneous Fund* – Reports as a special revenue fund and is used to account for miscellaneous private grants and donations.

**SCHOOL ADMINISTRATIVE UNIT NO. 41  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDING  
JUNE 30, 2018**

**I.B.5. *Change in Accounting Principle***

During the fiscal year, the School Administrative Unit adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This results in a change in the measurement and presentation of the School Administrative Unit's OPEB liability reported in the Statement of Net Position. The prior year's net position was restated as shown in Note III.D. to reflect this change.

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

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

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

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

The School Administrative Unit has no capital assets, except for intangible assets, which are stated at historical cost and reported in the government-wide financial statements. The School Administrative Unit generally capitalizes assets with cost of \$10,000 or more and an estimated useful life of one year or more. The intangible assets are being amortized using the straight-line method over seven to fifteen years.

**I.C.3. *Equity***

The government-wide statement of net position reports net position in the following components:

- Net investment in capital assets, which is computed as the total capital assets less accumulated amortization, net of outstanding debt used to acquire those assets.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Committed, which represents the unexpended balance of grants to be used for support services.
- Assigned, which represents encumbrances for support services assigned through the use of an approved purchase order.
- Unassigned, which represents the remaining fund balance in the General Fund.

**SCHOOL ADMINISTRATIVE UNIT NO. 41  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDING  
JUNE 30, 2018**

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

**II.A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all appropriations lapse at year-end. The School Administrative Unit is allowed to use beginning fund balance to balance the budget. In the fiscal year 2018, \$27,104 of the fund balance from the fiscal year 2017 was so used.

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

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: instructional staff, general administration, executive administration, business, operation and maintenance of plant, central and other support services.

**II.B. Reconciliation of Budgetary Basis to GAAP**

General Fund:

Expenditures:	
Per Exhibit 7 (budgetary basis)	\$ 1,492,336
Adjustments:	
Basis difference:	
Encumbrances, beginning	300
Encumbrances, ending	(10,060)
Per Exhibit 5 (GAAP basis)	<u>\$ 1,482,576</u>

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

The School Administrative Unit reports a deficit net position of \$836,012 at June 30, 2018. The deficit is the result of the School Administrative Unit reporting its net pension liability. This liability is funded through annual contributions to the New Hampshire Retirement System.



**SCHOOL ADMINISTRATIVE UNIT NO. 41  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDING  
JUNE 30, 2018**

**III. Assets and Equity**

**III.A. Capital Assets**

*Changes in Capital Assets*

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

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Balance, ending</u>
Governmental activities:			
At cost:			
Intangible	\$ 104,025	\$ -	\$ 104,025
Less accumulated amortization	<u>(95,544)</u>	<u>(6,344)</u>	<u>(101,888)</u>
Net book value	<u>\$ 8,481</u>	<u>\$ (6,344)</u>	<u>\$ 2,137</u>

*Amortization Expense*

Amortization expense of \$6,344 was charged to the central function of the School Administrative Unit.

**III.B. Restatement of Beginning Net Position**

Net position of the governmental activities at June 30, 2018 was restated to a deficit balance of \$829,713. This represents a decrease of \$24,245, which reflects the change to the liability for other postemployment benefits because of the change in accounting principles described in Note I.B.5.

**III.C. Components of Fund Balances**

Fund balance is categorized as described in Note I.C.3., in the following components:

	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Committed for support services	\$ -	\$ 42,769	\$ 42,769
Assigned to support services	10,060	-	10,060
Unassigned	<u>129,509</u>	<u>-</u>	<u>129,509</u>
Total fund balances	<u>\$ 139,569</u>	<u>\$ 42,769</u>	<u>\$ 182,338</u>

**SCHOOL ADMINISTRATIVE UNIT NO. 41  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDING  
JUNE 30, 2018**

**IV. Other Information**

**IV.A. Risk Management**

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

Primex's Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Coverage is provided for the fiscal year. Primex provided statutory worker's compensation coverage, and various amounts of coverage for property and liability losses. Contributions billed and paid for property/liability and workers' compensation coverage for the fiscal year ended June 30, 2018 totaled \$2,912 and \$3,164, respectively. There were no unpaid contributions for the year ended June 30, 2018. The membership agreement permits Primex to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

**IV.B. Retirement Pensions**

*General Information about the Pension Plan*

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

Both the members and the School Administrative Unit make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution is 7% of gross earnings for all employees. The rate of contribution from the School Administrative Unit was 11.17%, which is actuarially determined to generate an amount that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the School Administrative Unit during the fiscal years 2016, 2017, and 2018 were \$89,397, \$88,077, and \$94,228 respectively. The amounts are paid on a monthly basis as due.

**SCHOOL ADMINISTRATIVE UNIT NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDING**  
**JUNE 30, 2018**

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

At June 30, 2018, the School Administrative Unit reported a liability of \$1,171,560 for its proportionate share of the net pension liability. The net pension liability is based upon the June 30, 2016 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2017. The roll-forward of the total pension liability from June 30, 2016 to June 30, 2017 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year. The School Administrative Unit's proportion of the net pension liability was based on a projection of the School Administrative Unit's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2018, the School Administrative Unit's proportion was 0.0238%, which was a decrease of 0.0003% from its proportion reported as of June 30, 2017.

For the year ended June 30, 2018, the School Administrative Unit recognized pension expense of \$112,750. At June 30, 2018, the School Administrative Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 88,019	\$ 99,038
Net differences between projected and actual earnings on pension plan investments	-	14,920
Changes in assumptions	117,640	-
Differences between expected and actual experience	2,656	14,911
School Administrative Unit contributions subsequent to the measurement date	94,228	-
	<u>\$ 302,543</u>	<u>\$ 128,869</u>

The School Administrative Unit reported \$94,228 as deferred outflows of resources related to pensions resulting from School Administrative Unit contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

**SCHOOL ADMINISTRATIVE UNIT NO. 41  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDING  
JUNE 30, 2018**

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

Year Ended June 30,	
2019	\$ 9,233
2020	52,319
2021	40,171
2022	<u>(22,277)</u>
	<u><u>\$ 79,446</u></u>

*Actuarial Assumptions*

The total pension liability in the June 30, 2017 actuarial valuation was determined using the actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurements:

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

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

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

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

The following presents the School Administrative Unit's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the School Administrative Unit's proportionate share of the net pension liability would be if it were calculated using a

**SCHOOL ADMINISTRATIVE UNIT NO. 41  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDING  
JUNE 30, 2018**

discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School Administrative Unit's proportionate share of net pension liability	\$ 1,543,471	\$ 1,171,560	\$ 866,793

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

**IV.C. Other Postemployment Benefits**

*Plan Description*

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

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

The School Administrative Unit No. 41 (SAU) offers postemployment medical benefits to SAU retirees and their covered dependents. The SAU offers coverage as follows:

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

**SCHOOL ADMINISTRATIVE UNIT NO. 41  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDING  
JUNE 30, 2018**

Medical coverage continues to the spouse after the death of the retiree provided the spouse makes the required contributions. The current medical premiums are as follow:

<u>Non-Medicare Plans</u>	<u>Individual</u>	<u>Family</u>
AB5(07)-RX10/20/30	\$895	\$1,791
BC3T10(07)-RX10/20/45	\$962	\$1,924
ABSOS20/40/1KDED(07)-RX10/20/45	\$682	\$1,365

Currently, there are 19 active and retired employees that receive health benefits from the School Administrative Unit. The School Administrative Unit recognizes the cost of providing health insurance annually as expenditures in the General Fund as payments are made. For the year ended June 30, 2018, the School Administrative Unit recognized nothing for its share of insurance premiums for currently enrolled retirees.

*Total OPEB Liability*

The School Administrative Unit's total OPEB liability of \$22,165 was determined by an actuarial valuation as of July 1, 2017 rolled forward to the measurement date using actuarial assumptions, applied to all periods included in the measurement.

*Actuarial Assumptions*

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

Valuation Date:	July 1, 2017
Discount Rate:	3.87%, compounded annually, for the measurement as of June 30, 2018 and 3.58%, compounded annually, for the measurement as of June 30, 2017
Actuarial Cost Method:	Entry Age Normal. The costs of each employee's postemployment benefits are allocated as a level basis over the earnings of the employee between date of hire and assumed exit age.
Amortization Method:	Level dollar amount over thirty (30) years on an open amortization period for pay-as-you-go funding

**SCHOOL ADMINISTRATIVE UNIT NO. 41  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDING  
JUNE 30, 2018**

Heath Care Costs Trend Rates:	<u>Year</u>	<u>Trend</u>
	1	8.00%
	2	7.50%
	3	7.00%
	4	6.50%
	5	6.00%
	6	5.50%
	Ultimate	3.80%

Amortization Method: Level dollar amount over thirty (30) years on an open amortization period for pay-as-you-go

Heath Care Costs Trend Rates:	<u>Year</u>	<u>Trend</u>
	1	7.00%
	2	6.50%
	3	6.00%
	4	5.50%
	5	5.00%
	Ultimate	5.00%

Mortality Rates: Pre-Retirement: RP-2014 Employees Mortality Tables for males and females projected with generational mortality improvement using scale MP-2015.

Post-Retirement: RP-2014 Healthy Annuitant Mortality Tables for males and females projected with a generational mortality improvement using scale MP-2015

Inflation: 2.6 percent, based on the 2017 Social Security Trustees Report

*Discount Rate*

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

*Healthcare Trend Rates*

Healthcare trend assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. Trend rates after year 6 grade down to the ultimate rate utilizing the *Society of Actuaries Getzen Medical Trend Model*. The ultimate trend

**SCHOOL ADMINISTRATIVE UNIT NO. 41  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDING  
JUNE 30, 2018**

rate is reached in 2075. The principal components of health trends are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year.

*Sensitivity of Total OPEB Liability*

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount rate and healthcare trend rates. The following presents the total OPEB liability calculated using the current discount rate of 3.87%, as well as what the total OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (2.87%) or 1-percentage point higher (4.87%):

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Decrease (4.87%)
School Administrative Unit's total OPEB liability	\$ 23,613	\$ 22,165	\$ 20,803

The following presents the total OPEB liability calculated using the current healthcare trend rate of 8.0%, as well as what the total OPEB liability would be if it were calculated using a healthcare trend rate 1-percentage point lower (7.0%) or 1-percentage point higher (9.0%):

	1% Decrease (7.00%)	Current Healthcare Cost Trend Rate (8.00%)	1% Decrease (9.00%)
School Administrative Unit's total OPEB liability	\$ 19,948	\$ 22,165	\$ 24,743

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

For the year ended June 30, 2018, the School Administrative Unit recognized OPEB expense of \$146,792; and reported deferred inflows of resources related to OPEB of \$436, due to changes in actuarial experience and actuarial assumptions. The amount recognized as deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30,	
2019	\$ (96)
2020	(96)
2021	(96)
2022	(96)
2023	(52)
	\$ (436)



**REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT 8**  
**SCHOOL ADMINISTRATIVE UNIT NO. 41**  
**Schedule of Changes in the School Administrative Unit's Total OPEB Liability and Related Ratios**

	Fiscal Year 2018	Fiscal Year 2017
Total OPEB liability:		
Service cost	\$ 1,799	\$ 1,092
Interest	1,018	140
Assumption changes and differences between expected and actual experience	(577)	(202)
Benefit payments	(7,812)	(1,031)
Net change in total OPEB liability	(5,572)	(1)
Total OPEB liability, beginning	27,737	27,738
Total OPEB liability, ending	<u>\$ 22,165</u>	<u>\$ 27,737</u>
Covered payroll	\$ 980,068	\$ 969,177
Total OPEB liability as a percentage of covered payroll	2.26%	2.86%

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

**EXHIBIT 9**  
**SCHOOL ADMINISTRATIVE UNIT NO. 41**  
**Schedule of the School Administrative Unit's OPEB Contributions**

---

	Fiscal Year 2018	Fiscal Year 2017
Actuarially determined contribution	\$ 2,240	\$ 1,030
Contributions in relation to the actuarially determined contribution	<u>(7,812)</u>	<u>(1,031)</u>
Contribution excess	\$ (5,572)	\$ (1)
Covered-employee payroll	\$ 980,068	\$ 969,177
Contributions as a percentage of covered-employee payroll	0.23%	0.11%

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

**EXHIBIT 10**  
**SCHOOL ADMINISTRATIVE UNIT NO. 41**  
*Schedule of the School Administrative Unit's Proportionate Share of the Net Pension Liability*  
**New Hampshire Retirement System**

For the Year Ended June 30,	School Administrative Unit's Proportion of Net Pension Liability	School Administrative Unit's Proportionate Share of the Net Pension Liability	School Administrative Unit's Covered- Employee Payroll	School Administrative Unit's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0254%	\$ 1,093,912	\$ 640,720	170.73%	59.82%
2015	0.0206%	\$ 773,575	\$ 812,718	95.18%	66.32%
2016	0.0253%	\$ 1,001,990	\$ 919,534	108.97%	65.47%
2017	0.0241%	\$ 1,281,198	\$ 803,588	159.43%	58.30%
2018	0.0238%	\$ 1,171,560	\$ 809,046	144.81%	62.66%

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

**EXHIBIT 11**  
**SCHOOL ADMINISTRATIVE UNIT NO. 41**  
**Schedule of the School Administrative Unit's Pension Contributions**  
**New Hampshire Retirement System**

For the Year Ended June 30,	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency	School Administrative Unit's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2014	\$ 67,897	\$ (67,897)	\$ -	\$ 640,720	10.60%
2015	\$ 87,606	\$ (87,606)	\$ -	\$ 812,718	10.78%
2016	\$ 89,397	\$ (89,397)	\$ -	\$ 919,534	9.72%
2017	\$ 88,077	\$ (88,077)	\$ -	\$ 803,588	10.96%
2018	\$ 94,228	\$ (94,228)	\$ -	\$ 809,046	11.65%

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

**SCHOOL ADMINISTRATIVE UNIT NO. 41  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

The Schedule of the School Administrative Unit's OPEB Contributions, the Schedule of Changes in the School Administrative Unit's Total OPEB Liability and Related Ratios, the Schedule of the School Administrative Unit's Proportionate Share of the Net Pension Liability and the Schedule of the School Administrative Unit's Pension Contributions are meant to present related information for ten years. Because this is the fourth year that the School Administrative Unit has presented the pension information, and the first year for the OPEB information under the new measurement standard, only five years and two years, respectively, are presented. An additional year's information will be added each year until there are ten years shown.

**INDIVIDUAL GENERAL FUND SCHEDULES**

**EXHIBIT 12**  
**SCHOOL ADMINISTRATIVE UNIT NO. 41**  
**General Fund**  
**Schedule of Estimated and Actual Revenues**  
**For the Fiscal Year Ended June 30, 2018**

	Estimated	Actual	Variance Positive (Negative)
School districts' assessments:			
Current appropriation	\$ 1,467,526	\$ 1,467,526	\$ -
Other local sources:			
Investment earnings	-	952	952
Indirect costs	4,000	4,088	88
Total from other local sources	4,000	5,040	1,040
Total revenues	1,471,526	\$ 1,472,566	\$ 1,040
Use of fund balance to reduce school districts' assessments	27,104		
Total revenues and use of fund balance	\$ 1,498,630		



**EXHIBIT 13**  
**SCHOOL ADMINISTRATIVE UNIT NO. 41**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2018**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Support services:					
Instructional staff	\$ -	\$ 115,200	\$ 114,364	\$ -	\$ 836
General administration	-	1,450	1,300	-	150
Executive administration	-	493,286	491,303	-	1,983
Business	-	365,340	367,776	-	(2,436)
Operation and maintenance of plant	300	44,012	39,871	3,560	881
Central	-	112,933	111,256	-	1,677
Other	-	366,409	356,706	6,500	3,203
Total support services	<u>300</u>	<u>1,498,630</u>	<u>1,482,576</u>	<u>10,060</u>	<u>6,294</u>
Total appropriations, expenditures, and encumbrances	<u>\$ 300</u>	<u>\$ 1,498,630</u>	<u>\$ 1,482,576</u>	<u>\$ 10,060</u>	<u>\$ 6,294</u>

**EXHIBIT 14**  
**SCHOOL ADMINISTRATIVE UNIT NO. 41**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2018**

Unassigned fund balance, beginning		\$ 149,279
Changes:		
Fund balance used to reduce school districts' assessments		(27,104)
Budget summary:		
Revenue surplus (Exhibit 12)	\$ 1,040	
Unexpended balance of appropriations (Exhibit 13)	6,294	
Budget surplus	7,334	7,334
Unassigned fund balance, ending		\$ 129,509



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

To the Members of the School Administrative Unit Board  
School Administrative Unit No. 41  
Hollis, New Hampshire

In planning and performing our audit of the financial statements of the governmental activities, the major fund, and the remaining fund information of the School Administrative Unit No. 41 as of and for the fiscal year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the School Administrative Unit's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Administrative Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Administrative Unit's internal control.

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

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

This communication is intended solely for the information and use of management, the school administrative unit board, and others within the School Administrative Unit, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Roberts & Greene, PLLC*

Concord, New Hampshire  
March 20, 2019