

SCHOOL ADMINISTRATIVE UNIT NO. 41

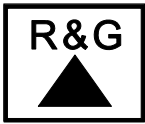
FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

**SCHOOL ADMINISTRATIVE UNIT NO. 41
FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

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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 and each major fund of the School Administrative Unit No. 41 as of and for the year ended June 30, 2020, 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 and each major fund of the School Administrative Unit No. 41, as of June 30, 2020, and the respective changes in financial position thereof, and the budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and OPEB information on pages 3-8 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 & Heene, PLLC

Concord, New Hampshire
March 31, 2021

**SCHOOL ADMINISTRATIVE UNIT #41
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2020**

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, 2020.

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 an 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 an aggregate view of the finances of the school district by answering the question, "How did the school district do financially during the 2019-20 school year?" These statements report all assets and liabilities using the

SCHOOL ADMINISTRATIVE UNIT #41
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2020

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, 2020

Government-Wide Financial Analysis

Statement of Net Position

A summary of the District's net position as of June 30, 2020 as compared to previous year June 30, 2019:

	2019	2020	Increase (Decrease)	% Increase (Decrease)
Assets				
Current and Other Assets	328,015	255,476	(72,539)	-22.11%
Intangible Assets	-	-	-	
Total Assets	328,015	255,476	(72,539)	-22.11%
Deferred Outflow of Resources	248,674	329,179	80,505	32.37%
Liabilities				
Long-term Liabilities Outstanding	1,087,419	1,260,413	172,994	15.91%
Other Liabilities	111,706	55,226	(56,480)	-50.56%
Total Liabilities	1,199,125	1,315,639	116,514	9.72%
Deferred Inflows of Resources	164,079	114,367	(49,712)	-30.30%
Net Position				
Net Investment in Capital Assets	-	-	-	
Restricted			-	
Unrestricted	(786,515)	(845,351)	(58,836)	7.48%
Total Net Position	(786,515)	(845,351)	(58,836)	7.48%

**SCHOOL ADMINISTRATIVE UNIT #41
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2020**

Statement of Activities

Change in fund revenue and expense for fiscal year 2020 compared to fiscal year 2019:

Revenues:	2019	2020	Change	% Change
School districts' assessments	1,567,074	1,715,314	148,240	9.46%
Other local	10,202	3,984	(6,218)	-60.95%
Miscellaneous	14,671	8,415	(6,256)	-42.64%
Total Revenues	1,591,947	1,727,713	135,766	8.53%
Expenses:				
Instruction	129,880	129,140	(740)	-0.57%
General Administration	1,520	1,245	(275)	-18.09%
Executive Administration	460,832	520,750	59,918	13.00%
Business	447,951	474,613	26,662	5.95%
Operation and Maintenance of Plant	48,131	55,794	7,663	15.92%
Central	100,666	104,439	3,773	3.75%
Other	334,253	500,568	166,315	49.76%
Total Expenses	1,523,233	1,786,549	263,316	17.29%
Change in Net Position	68,714	(58,836)	(127,550)	-185.62%
Net Position - Beginning	(855,229)	(786,515)	68,714	-8.03%
Net Position - Ending	(786,515)	(845,351)	(58,836)	7.48%

Revenues

- School districts' assessment revenue is based on what each district approves at their respective annual meetings, so variance between FY19 and FY20 is expected.
- Other local revenue consists of the SAU portion of federal grants received by the school districts, for administrative management, and also bank interest.
- Miscellaneous revenue comes from the funds not raised through taxes. The majority of this revenue is from e-rate funds which is federal grant money reimbursing our district for specific technology expenditures.

Expenditures

Expenditures for SAU 41 in FY20 were \$263,316 higher than the previous year. Primary drivers of this increase were the following:

- Health Insurance rate increases
- Salary, merit and associated benefit increases

**SCHOOL ADMINISTRATIVE UNIT #41
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2020**

- NH Retirement System rate increases
- Business office staff turnover and training
- SAU office building rent increase (final step of a 3 year annual increase)

General Fund Revenues and Expenditures

Budget v. FY20 Actuals

Revenue	Budget	Actual	Variance
School District Assessment	1,715,314	1,715,314	-
Federal	4,000	3,984	(16)
Total Revenues	1,719,314	1,719,298	(16)

Expenditures	Budget	Actual	Variance
Instructional Staff	127,924	129,140	(1,216)
General Administration	1,400	1,245	155
Executive Administration	544,745	520,750	23,995
Business	455,379	474,613	(19,234)
Operation and maintenance of plant	64,340	55,794	8,546
Central	88,458	87,220	1,238
Other	437,068	459,315	(22,247)
Total Expenditures	1,719,314	1,728,077	(8,763)

The FY20 actual revenues varied only slightly from the budget. Almost the entire revenue budget consists of the school district assessments, which are determined by the towns' district meeting votes in the preceding year. This results in a very stable revenue budget.

The FY20 actual expenses exceeded the budget by \$8,763. The SAU Governing Board has a process in place to address and approve the use of fund balance when expenses exceed the budget.

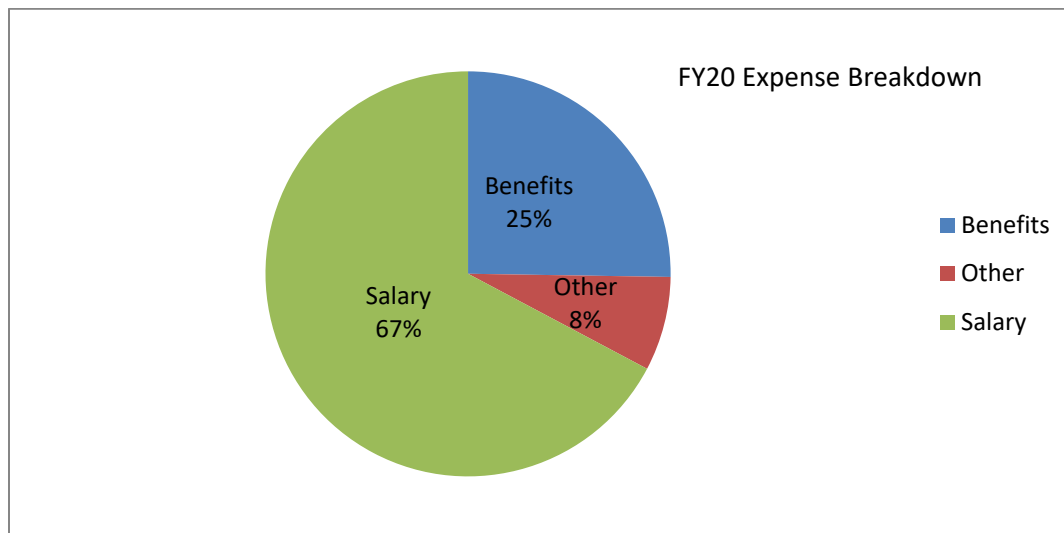
Significant variances from the original budget consist of the following:

- Savings in conferences and travel, due to the Covid-19 pandemic
- Savings in grounds maintenance, snow plowing and general maintenance
- Unanticipated replacement costs in the business office
- Higher health insurance and retirement costs, due to staffing changes
- Board approved merit increases

**SCHOOL ADMINISTRATIVE UNIT #41
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2020**

Break-down of Costs

The SAU's expenses are primarily salaries and benefits which are illustrated below. "Other" expenses account for operation and maintenance of the building, professional development and general operational materials. The distribution of cost has remained fairly consistent with prior fiscal year (FY19) expenditures (68% salary, 22% benefits, 10% other).



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.

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
SCHOOL ADMINISTRATIVE UNIT NO. 41
Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 247,010
Intergovernmental receivables	7,701
Other receivables	525
Prepaid items	240
Total assets	<u>255,476</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	320,730
Deferred amounts related to OPEB	8,449
Total deferred outflows of resources	<u>329,179</u>
LIABILITIES	
Accounts payable	3,468
Accrued salaries and benefits	30,615
Intergovernmental payable	21,143
Noncurrent obligations:	
Due in more than one year:	
Net pension liability	1,208,869
OPEB liability	51,544
Total liabilities	<u>1,315,639</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	110,947
Deferred amounts related to OPEB	3,420
Total deferred inflows of resources	<u>114,367</u>
NET POSITION	
Unrestricted	<u><u>\$ (845,351)</u></u>

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, 2020

	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes In Net Position
Governmental activities:			
Support services:			
Instructional staff	\$ 129,140	\$ -	\$ (129,140)
General administration	1,245	-	(1,245)
Executive administration	520,750	3,000	(517,750)
Business	474,613	-	(474,613)
Operation and maintenance of plant	55,794	-	(55,794)
Central	104,439	8,415	(96,024)
Other	500,568	-	(500,568)
Total primary government	<u>\$ 1,786,549</u>	<u>\$ 11,415</u>	<u>(1,775,134)</u>
General revenues:			
School district assessment			1,715,314
Miscellaneous			984
Total general revenues			<u>1,716,298</u>
Change in net position			(58,836)
Net position, beginning			<u>(786,515)</u>
Net position, ending			<u>\$ (845,351)</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, 2020

	General	Miscellaneous	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 247,010	\$ -	\$ 247,010
Receivables:			
Accounts	525	-	525
Intergovernmental	7,701	-	7,701
Interfund receivable	-	28,685	28,685
Prepaid items	240	-	240
Total assets	<u>\$ 255,476</u>	<u>\$ 28,685</u>	<u>\$ 284,161</u>
LIABILITIES AND FUND BALANCES			
AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,468	\$ -	\$ 3,468
Accrued salaries and benefits	30,615	-	30,615
Intergovernmental payable	21,123	20	21,143
Interfund payable	28,685	-	28,685
Total liabilities	<u>83,891</u>	<u>20</u>	<u>83,911</u>
Fund balances:			
Committed	-	28,665	28,665
Assigned	7,246	-	7,246
Unassigned	164,339	-	164,339
Total fund balances	<u>171,585</u>	<u>28,665</u>	<u>200,250</u>
Total liabilities and fund balances	<u>\$ 255,476</u>	<u>\$ 28,685</u>	<u>\$ 284,161</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, 2020

Total fund balances of governmental funds (Exhibit 3)		\$	200,250	
Amounts reported for governmental activities in the statement of net position are different because:				
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.				
Receivables	\$	(28,685)		
Payables		<u>28,685</u>		
				-
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				
Net pension liability	\$	1,208,869		
OPEB liability		<u>51,544</u>		
				(1,260,413)
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	\$	320,730		
Deferred outflows of resources related to OPEB		8,449		
Deferred inflows of resources related to pensions		(110,947)		
Deferred inflows of resources related to OPEB		<u>(3,420)</u>		
				214,812
Net position of governmental activities (Exhibit 1)			\$	<u><u>(845,351)</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, 2020

	General	Miscellaneous	Total Governmental Funds
REVENUES			
School district assessment	\$ 1,715,314	\$ -	\$ 1,715,314
Other local	3,984	8,415	12,399
Total revenues	<u>1,719,298</u>	<u>8,415</u>	<u>1,727,713</u>
EXPENDITURES			
Current:			
Support services:			
Instructional staff	129,140	-	129,140
General administration	1,245	-	1,245
Executive administration	520,750	-	520,750
Business	474,613	-	474,613
Operation and maintenance of plant	55,794	-	55,794
Central	87,220	17,219	104,439
Other	456,069	1,722	457,791
Total expenditures	<u>1,724,831</u>	<u>18,941</u>	<u>1,743,772</u>
Net change in fund balances	(5,533)	(10,526)	(16,059)
Fund balances, beginning	177,118	39,191	216,309
Fund balances, ending	<u>\$ 171,585</u>	<u>\$ 28,665</u>	<u>\$ 200,250</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, 2020

Net change in fund balances of total governmental funds (Exhibit 5)		\$ (16,059)
Amounts reported for governmental activities in the statement of activities are different because:		
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.		
Increase in OPEB related balances		\$ (4,129)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
School Administrative Unit pension contributions	\$ 126,309	
Cost of benefits, net of employee contributions	<u>(164,957)</u>	
		<u>(38,648)</u>
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ (58,836)</u></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, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
School district assessment	\$ 1,715,314	\$ 1,715,314	\$ -
Other local	4,000	3,984	(16)
Total revenues	<u>1,719,314</u>	<u>1,719,298</u>	<u>(16)</u>
EXPENDITURES			
Current:			
Support services:			
Instructional staff	127,924	129,140	(1,216)
General administration	1,400	1,245	155
Executive administration	544,745	520,750	23,995
Business	455,379	474,613	(19,234)
Operation and maintenance of plant	64,340	55,794	8,546
Central	88,458	87,220	1,238
Other	437,068	459,315	(22,247)
Total expenditures	<u>1,719,314</u>	<u>1,728,077</u>	<u>(8,763)</u>
Net change in fund balance	<u>\$ -</u>	<u>(8,779)</u>	<u>\$ (8,779)</u>
Unassigned fund balance, beginning		<u>173,118</u>	
Unassigned fund balance, ending		<u>\$ 164,339</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, 2020**

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, 2020.

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, 2020**

Fund Financial Statements

Fund financial statements are provided for the governmental funds.

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 funds:

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.

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

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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 were amortized using the straight-line method over seven to fifteen years.

I.C.3. *Equity*

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

The governmental funds report the following components of fund balance:

- Committed, which represents the fund balance of the Special Revenue Fund.
- 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.

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 2020, none of the fund balance from the fiscal year 2019 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.

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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)	\$ 1,728,077
Adjustments:	
Basis difference:	
Encumbrances, beginning	4,000
Encumbrances, ending	(7,246)
Per Exhibit 5 (GAAP basis)	<u>\$ 1,724,831</u>

II.C. Deficit Net Position in Governmental Activities

The School Administrative Unit reports a deficit net position of \$845,351 at June 30, 2020. The deficit is the result of the School Administrative Unit reporting its net pension liability. This liability is funded through annual contributions to the New Hampshire Retirement System.

III. Assets and Equity

III.A. Capital Assets

Changes in Capital Assets

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

	Balance, beginning	Additions	Balance, ending
Governmental activities:			
At cost:			
Intangible	\$ 104,025	\$ -	\$ 104,025
Less accumulated depreciation	(104,025)	-	(104,025)
Net book value, all capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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III.B. Components of Fund Balances

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

	General Fund	Miscellaneous Funds	Total Governmental Funds
Committed for support services	\$ -	\$ 28,665	\$ 28,665
Assigned to support services	7,246	-	7,246
Unassigned	164,339	-	164,339
Total fund balances	<u>\$ 171,585</u>	<u>\$ 28,665</u>	<u>\$ 200,250</u>

IV. Other Information

IV.A. Risk Management

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

Primex's Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Coverage is provided for the fiscal year. Primex provided statutory worker's compensation coverage, and various amounts of coverage for property and liability losses. Contributions billed and paid for property/liability and workers' compensation coverage for the fiscal year ended June 30, 2020 totaled \$2,883 and \$3,302, respectively. There were no unpaid contributions for the year ended June 30, 2020. The membership agreement permits Primex to make additional assessments to members should there be a deficiency in assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

General Information about the Pension Plan

The New Hampshire Retirement System (NHRS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The NHRS provides service, disability, death and vested retirement benefits for employees and their beneficiaries. The New Hampshire Legislature establishes the

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provisions for benefits and contributions. The NHRS issues a separate financial report that is available at 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 11.38%, 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 2018, 2019 and 2020 were \$94,228, \$114,654 and \$131,004, respectively. The amounts were paid on a monthly basis as due.

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

At June 30, 2020, the School Administrative Unit reported a liability of \$1,208,869 for its proportionate share of the net pension liability. The net pension liability is based upon the June 30, 2018 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2019. The roll-forward of the total pension liability from June 30, 2018 to June 30, 2019 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, 2020, the School Administrative Unit's proportion was 0.0251%, which was an increase of 0.0035% from its proportion reported as of June 30, 2019.

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For the year ended June 30, 2020, the School Administrative Unit recognized pension expense of \$164,957. At June 30, 2020, the School Administrative Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 144,363	\$ 75,078
Net differences between projected and actual earnings on pension plan investments	-	9,875
Changes in assumptions	43,374	-
Differences between expected and actual experience	6,684	25,994
School Administrative Unit's contributions subsequent to the measurement date	126,309	-
	<u>\$ 320,730</u>	<u>\$ 110,947</u>

The School Administrative Unit reported \$126,309 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, 2021.

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,	
2021	\$ 52,221
2022	(13,345)
2023	14,513
2024	30,085
	<u>\$ 83,474</u>

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Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	21 years, beginning July 1, 2018
Asset Valuation Method	5-year smoothed market for funding purposes, 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Municipal Bond Rate	3.13% per year
Salary Increases	5.6% average, including inflation
Investment Rate of Return	7.25% net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2018 valuations were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 to June 30, 2015.

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

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

The following presents the School Administrative Unit's proportionate share of the net pension liability calculated using the discount rate of 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 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	\$ 1,618,725	\$ 1,208,869	\$ 870,126

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

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IV.C. Other Postemployment Benefits

Plan Description

The School Administrative Unit is part of two different OPEB plans, one that is a retiree health care benefits program operating as a single-employer plan that is used to provide OPEB for all permanent full-time employees (implicit rate subsidy); and the other that consists of benefits to its retired employees and their beneficiaries as required by RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*. The latter are provided through the New Hampshire Retirement System (NHRS) operating as a cost-sharing, multiple-employer OPEB medical subsidy healthcare plan (medical insurance subsidy). Further information on this plan can be found in the audited report of the NHRS Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan which is available on the NHRS website at www.nhrs.org.

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

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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>2-Person</u>	<u>Family</u>
AB10IPDED(07)-RX10/20/45	\$724.11	\$1,861.85	\$2,513.50
ABS0S20/40/1KDED(07)-RX10/20/45	\$724.11	\$1,448.21	\$1,955.08

Currently, there are 15 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, 2020, the School Administrative Unit recognized nothing for its share of insurance premiums for currently enrolled retirees.

With the medical insurance subsidy plan, there is a payment made by the NHRS to the former employer or its insurance administrator toward the cost of health insurance for the qualified retiree, his/her qualified spouse, and dependent children with disability who are living in the retiree's household and being cared for by the retiree. If the health insurance premium is less than the medical subsidy amount, then only the premium amount is paid by the NHRS. If the insurance premium is more than the medical subsidy amount, then the retiree or other qualified person is responsible for paying the balance of the premium. Benefits are based on age, creditable service, and retirement or hire dates. This plan is closed to new entrants. As of the June 30, 2019 measurement date, participants of the postretirement plan that met eligibility requirements were comprised of 16 active employees and no retirees.

Total OPEB Liability

The School Administrative Unit's total OPEB liability of \$51,544 (\$45,392 medical subsidy and \$6,152 implicit rate subsidy) was determined by an actuarial valuation as of July 1, 2019 rolled forward to the measurement date using actuarial assumptions, applied to all periods included in the measurement.

Actuarial Assumptions

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

Discount Rate:	2.21%, net of investment expenses, including inflation
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level dollar amount over thirty (30) years on an open amortization period for pay-as-you-go funding

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Healthcare Cost Trend Rates:	<u>Year</u>	<u>Trend</u>
	1	7.00%
	2	6.55%
	3	6.10%
	4	5.65%
	5	5.20%
	Ultimate	4.00%

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

Inflation: 2.4%

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

Discount Rate

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

Healthcare Cost Trend Rates

Healthcare cost trend 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 5 grade down to the ultimate rate utilizing the *Society of Actuaries Getzen Medical Trend Model*. The ultimate trend rate is reached in 2075.

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Sensitivity of Total OPEB Liability

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

Implicit Rate Subsidy:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
School Administrative Unit's total OPEB liability	\$ 6,542	\$ 6,152	\$ 5,777

Medical Subsidy:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School Administrative Unit's total OPEB liability	\$ 49,234	\$ 45,392	\$ 42,053

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

	1% Decrease (6.00%)	Current Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
School District's total OPEB liability	\$ 5,501	\$ 6,152	\$ 6,914

The notes continue on the following page.

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OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the School Administrative Unit recognized OPEB expense of \$148,242. At June 30, 2020, the School Administrative Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 1,897	\$ -
Net differences between projected and actual earnings on pension plan investments	-	51
Changes in assumptions	-	159
Differences between expected and actual experience	1,702	3,210
School Administrative Unit's contributions subsequent to the measurement date	4,850	-
	<u>\$ 8,449</u>	<u>\$ 3,420</u>

The School Administrative Unit reported \$4,850 as deferred outflows of resources related to OPEB resulting from School Administrative Unit contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

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

Year Ending June 30,	
2021	\$ 1,434
2022	(384)
2023	(317)
2024	(312)
2025	(242)
	<u>\$ 179</u>

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 8
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%
2019	0.0216%	\$ 1,037,816	\$ 927,183	111.93%	64.73%
2020	0.0251%	\$ 1,208,869	\$ 1,108,673	109.04%	65.59%

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 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%
2019	\$ 114,654	\$ (114,654)	\$ -	\$ 927,183	12.37%
2020	\$ 131,004	\$ (131,004)	\$ -	\$ 1,108,673	11.82%

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

EXHIBIT 10**SCHOOL ADMINISTRATIVE UNIT NO. 41*****Schedule of Changes in the School Administrative Unit's Total OPEB Liability and Related Ratios***

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Total OPEB liability:				
Service cost	\$ 1,419	\$ 1,537	\$ 1,799	\$ 1,092
Interest	4,275	3,036	1,018	140
Project earnings on plan investments	(206)	(202)	-	-
Changes of assumptions	330	926	(577)	(202)
Other administrative costs	29	5	-	-
Differences between expected and actual experience	1,839	10,334	19,217	-
Benefit payments	(5,745)	(7,415)	(7,812)	(1,031)
Net change in total OPEB liability	1,941	8,221	13,645	(1)
Total OPEB liability, beginning	49,603	41,382	27,737	27,738
Total OPEB liability, ending	<u>\$ 51,544</u>	<u>\$ 49,603</u>	<u>\$ 41,382</u>	<u>\$ 27,737</u>
Covered payroll	\$ 1,188,298	\$ 1,043,750	\$ 980,068	\$ 969,177
Total OPEB liability as a percentage of covered payroll	4.34%	4.75%	4.22%	2.86%
School Administrative Unit's proportion of net OPEB liability for the medical insurance subsidy	0.0104%	0.0065%	0.0042%	n/a

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

EXHIBIT 11**SCHOOL ADMINISTRATIVE UNIT NO. 41*****Schedule of Changes in the School Administrative Unit's Total OPEB Liability and Related Ratios***

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Actuarially determined contribution	\$ 6,279	\$ 5,302	\$ 2,240	\$ 1,030
Contributions in relation to the actuarially determined contribution	(5,745)	(7,415)	(7,812)	(1,031)
Contribution (excess)deficiency	<u>\$ 534</u>	<u>\$ (2,113)</u>	<u>\$ (5,572)</u>	<u>\$ (1)</u>
Covered-employee payroll	\$1,188,298	\$ 1,043,750	\$ 980,068	\$ 969,177
Contributions as a percentage of covered-employee payroll	0.53%	0.51%	0.23%	0.11%

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
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The Pension and OPEB Schedules are meant to present related information for ten years. Because this is the sixth year that the School Administrative Unit has presented the pension information, and the third year for the OPEB information under the current measurement standard, only seven years and four 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, 2020

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 1,715,314	\$ 1,715,314	\$ -
Other local sources:			
Investment earnings	-	984	984
Indirect costs	4,000	3,000	(1,000)
Total from other local sources	4,000	3,984	(16)
Total revenues and other financing sources	\$ 1,719,314	\$ 1,719,298	\$ (16)

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, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Support services:					
Instructional staff	\$ -	\$ 127,924	\$ 129,140	\$ -	\$ (1,216)
General administration	-	1,400	1,245	-	155
Executive administration	-	544,745	520,750	-	23,995
Business	-	455,379	474,613	-	(19,234)
Operation and maintenance of plant	-	64,340	55,794	-	8,546
Central	-	88,458	87,220	-	1,238
Other	4,000	437,068	456,069	7,246	(22,247)
Total encumbrances, appropriations, and expenditures	<u>\$ 4,000</u>	<u>\$ 1,719,314</u>	<u>\$ 1,724,831</u>	<u>\$ 7,246</u>	<u>\$ (8,763)</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, 2020

Unassigned fund balance, beginning		\$ 173,118
Changes:		
Budget summary:		
Revenue shortfall (Exhibit 12)	\$ (16)	
Overdraft of appropriations (Exhibit 13)	<u>(8,763)</u>	
Budget deficit		<u>(8,779)</u>
Unassigned fund balance, ending		<u><u>\$ 164,339</u></u>



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 and each major fund of the School Administrative Unit No. 41 as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the School Administrative Unit's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Administrative Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Administrative Unit's internal control.

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

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

This communication is intended solely for the information and use of management, the school administrative unit board, and others within the School Administrative Unit No. 41, and is not intended to be, and should not be, used by anyone other than these specified parties.

March 31, 2021

Roberts & Greene, PLLC