

SCHOOL ADMINISTRATIVE UNIT NO. 41

FINANCIAL REPORT

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

**SCHOOL ADMINISTRATIVE UNIT NO. 41
FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

TABLE OF CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
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
NOTES TO THE FINANCIAL STATEMENTS	17
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the School Administrative Unit’s Proportionate Share of the Net Pension Liability (Exhibit 8)	29
Schedule of the School Administrative Unit’s Pension Contributions (Exhibit 9)	30
Schedule of Changes in the School Administrative Unit’s Total OPEB Liability and Related Ratios (Exhibit 10)	31
Schedule of the School Administrative Unit’s OPEB Contributions (Exhibit 11)	32
Note to the Required Supplementary Information	33
INDIVIDUAL GENERAL FUND SCHEDULES	
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
INDEPENDENT AUDITOR’S COMMUNICATION TO MANAGEMENT	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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the School Administrative Unit No. 41 as of June 30, 2022, and the related notes to the financial statements, which collectively comprise the School Administrative Unit's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School Administrative Unit as of June 30, 2022 and the respective changes in financial position thereof, and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and pension and OPEB related schedules on pages 3-9 and 29-33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational and economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

April 25, 2023

Roberts & Heene, PLLC

**SCHOOL ADMINISTRATIVE UNIT #41
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2022**

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, 2022. 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 2021-22 school year?" These statements report all assets and liabilities using the accrual basis of accounting used by most private-sector enterprises. The accrual basis takes into

**SCHOOL ADMINISTRATIVE UNIT #41
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2022**

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, 2022

Government-Wide Financial Analysis

Statement of Net Position

A summary of the district's net position as of June 30, 2022 as compared to previous year June 30, 2021:

	2021	2022	Increase (Decrease)	% Increase (Decrease)
Assets				
Current and Other Assets	353,168	538,671	185,503	52.53%
Intangible Assets	-	-	-	
Total Assets	353,168	538,671	185,503	52.53%
Deferred Outflow of Resources	704,026	567,569	(136,457)	-19.38%
Liabilities				
Long-term Liabilities Outstanding	1,871,103	1,350,470	(520,633)	-27.82%
Other Liabilities	159,318	245,082	85,764	53.83%
Total Liabilities	2,030,421	1,595,552	(434,869)	-21.42%
Deferred Inflows of Resources	61,749	397,227	335,478	543.29%
Net Position				
Net Investment in Capital Assets	-	-	-	
Restricted			-	
Unrestricted	(1,034,976)	(886,539)	148,437	-14.34%
Total Net Position	(1,034,976)	(886,539)	148,437	-14.34%

**SCHOOL ADMINISTRATIVE UNIT #41
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2022**

Statement of Activities

Change in fund revenue and expense for fiscal year 2022 compared to fiscal year 2021:

Revenues:	2021	2022	Change	% Change
School districts' assessments	1,783,100	1,953,257	170,157	9.54%
Other local	15,853	24,029	8,176	51.57%
Miscellaneous	42,677	246,468	203,791	477.52%
Total Revenues	1,841,630	2,223,754	382,124	20.75%
Expenses:				
Student services	233	-	(233)	0.00%
Instruction	132,305	138,785	6,480	4.90%
General Administration	1,145	1,221	76	6.64%
Executive Administration	514,112	490,057	(24,055)	-4.68%
Business	477,314	494,791	17,477	3.66%
Operation and Maintenance of Plant	131,896	138,638	6,742	5.11%
Central	132,157	334,141	201,984	152.84%
Other	642,093	477,685	(164,408)	-25.61%
Total Expenses	2,031,255	2,075,318	44,063	2.17%
Change in Net Position	(189,625)	148,436	338,061	-178.28%
Net Position - Beginning	(845,351)	(1,034,975)	(189,624)	22.43%
Net Position - Ending	(1,034,976)	(886,539)	148,437	-14.34%

Revenues

- School districts' assessment revenue is based on what each district approves at their respective annual meetings, so variance between FY21 and FY22 is expected.
- "Other local" revenue consists of the SAU portion of federal grants received by the school districts, for administrative management. Also included in FY22, the district received \$16,793 from Health Trust (our medical and dental insurance provider). This is a return of surplus funds from Health Trust's risk pool, of which we are a member.
- Miscellaneous revenue comes from the funds not raised through taxes. In both years, the source of this revenue has been e-rate funds, which is federal grant money reimbursing our district for specific technology expenditures.

**SCHOOL ADMINISTRATIVE UNIT #41
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2022**

Expenditures

Expenditures for SAU 41 in FY22 were only 2.17 percent higher than the previous year, or \$44,063. Primary drivers of this increase were the following:

- Rising cost of heating oil
- Replacement computer equipment for out-dated desktops and laptops
- Increased employer retirement contributions due to NHRS rate increases:
 - 11.17% to 14.06% for employee group (all SAU staff except for two positions)
 - 17.8% to 21.02% for teacher group (includes Business Administrator and Director of Student Services)
- Health insurance rate increases and enrollment changes
- Board approved salary increases

General Fund Revenues and Expenditures

Budget v. FY22 Actuals

Revenue	Budget	Actual	Variance
School District Assessments	1,953,257	1,953,257	-
Local	4,000	24,029	20,029
Total Revenues	1,957,257	1,977,286	20,029

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 FY22 revenue exceeded the budget due to an unexpected return of surplus from our health insurance provider, Health Trust.

Expenditures	Budget	Actual	Variance
Instructional Staff	138,800	138,785	15
General Administration	1,520	1,221	299
Executive Administration	499,025	489,593	9,432
Business	503,139	494,791	8,348
Operation and maintenance of plant	143,578	138,638	4,940
Central	93,560	95,473	(1,913)
Other	577,635	528,940	48,695
Total Expenditures	1,957,257	1,887,441	69,816

**SCHOOL ADMINISTRATIVE UNIT #41
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2022**

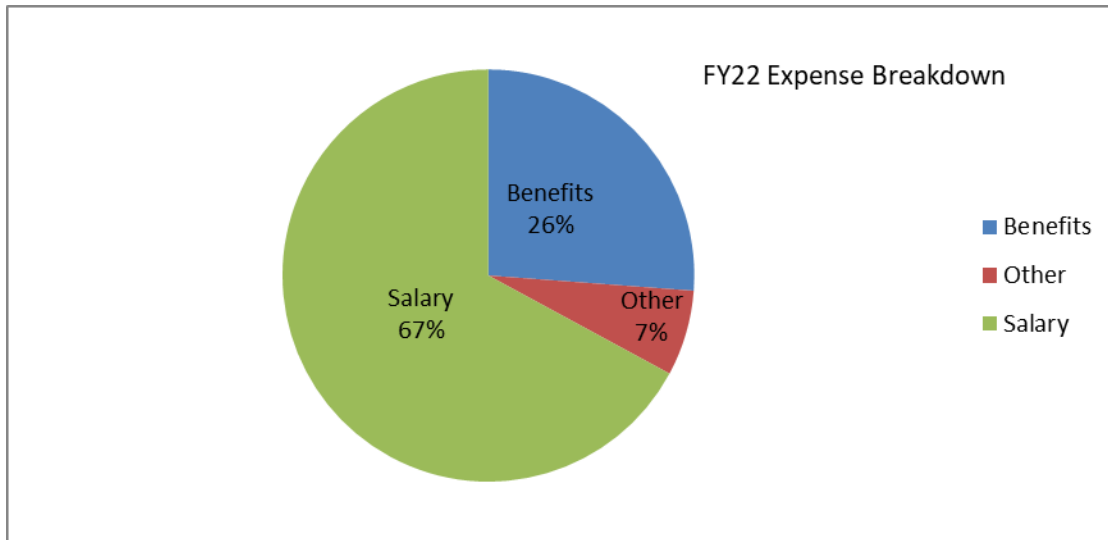
The FY22 actual expenses were less than the budget, resulting in a savings of \$69,816. The SAU Governing Board has a process in place to address and approve the use of fund balance when expenses exceed the budget, but this was not necessary in FY22.

Significant variances from the original budget can be attributed to the following:

- Unexpected vacant positions and new hire savings, in the following SAU positions: office manager, assistant director of student services, and business office accounting specialist. This resulted in savings in the following:
 - Health and dental insurance
 - Taxes and employer retirement contributions
- Health and dental insurance enrollment changes

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 costs has remained consistent with prior fiscal year (FY21) expenditures (68% salary, 24% benefits, 8% 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.

**SCHOOL ADMINISTRATIVE UNIT #41
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2022**

OTHER DISCUSSION

The district's financial status is sound. Being that the majority of cost is associated to salary and benefits, the budget is largely 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, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 386,968
Intergovernmental receivables	151,195
Other receivables	33
Prepaid items	475
Total assets	538,671
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	560,420
Deferred amounts related to OPEB	7,149
Total deferred outflows of resources	567,569
LIABILITIES	
Accounts payable	4,775
Accrued salaries and benefits	16,759
Intergovernmental payable	223,548
Noncurrent obligations:	
Due in more than one year:	
Net pension liability	1,302,933
OPEB liability	47,537
Total liabilities	1,595,552
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	394,626
Deferred amounts related to OPEB	2,601
Total deferred inflows of resources	397,227
NET POSITION	
Unrestricted	\$ (886,539)

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, 2022

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes In Net Position</u>
Governmental activities:			
Support services:			
Instructional staff	\$ 138,785	\$ -	\$ (138,785)
General administration	1,221	-	(1,221)
Executive administration	490,057	6,507	(483,550)
Business	494,791	-	(494,791)
Operation and maintenance of plant	138,638	-	(138,638)
Central	334,141	246,643	(87,498)
Other	477,685	-	(477,685)
Total primary government	<u>\$ 2,075,318</u>	<u>\$ 253,150</u>	<u>(1,822,168)</u>
General revenues:			
School districts' assessment			1,953,257
Miscellaneous			17,347
Total general revenues			<u>1,970,604</u>
Change in net position			148,436
Net position, beginning			<u>(1,034,975)</u>
Net position, ending			<u>\$ (886,539)</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, 2022

	General	Miscellaneous	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 146,720	\$ 240,248	\$ 386,968
Receivables:			
Accounts	33	-	33
Intergovernmental	140,395	10,800	151,195
Prepaid items	475	-	475
Total assets	<u>\$ 287,623</u>	<u>\$ 251,048</u>	<u>\$ 538,671</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,775	\$ -	\$ 4,775
Accrued salaries and benefits	16,759	-	16,759
Intergovernmental payable	5,704	217,844	223,548
Total liabilities	<u>27,238</u>	<u>217,844</u>	<u>245,082</u>
Fund balances:			
Nonspendable	475	-	475
Committed	-	33,204	33,204
Assigned	7,517	-	7,517
Unassigned	252,393	-	252,393
Total fund balances	<u>260,385</u>	<u>33,204</u>	<u>293,589</u>
Total liabilities and fund balances	<u>\$ 287,623</u>	<u>\$ 251,048</u>	<u>\$ 538,671</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, 2022

Total fund balances of governmental funds (Exhibit 3)		\$ 293,589
Amounts reported for governmental activities in the statement of net position are different because:		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$ 1,302,933	
OPEB liability	<u>47,537</u>	(1,350,470)
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	\$ 560,420	
Deferred outflows of resources related to OPEB	7,149	
Deferred inflows of resources related to pensions	(394,626)	
Deferred inflows of resources related to OPEB	<u>(2,601)</u>	170,342
Net position of governmental activities (Exhibit 1)		<u>\$ (886,539)</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, 2022

	General	Miscellaneous	Total Governmental Funds
REVENUES			
School districts' assessments	\$ 1,953,257	\$ -	\$ 1,953,257
Other local	24,029	246,468	270,497
Total revenues	<u>1,977,286</u>	<u>246,468</u>	<u>2,223,754</u>
EXPENDITURES			
Current:			
Support services:			
Instructional staff	138,785	-	138,785
General administration	1,221	-	1,221
Executive administration	490,057	-	490,057
Business	494,791	-	494,791
Operation and maintenance of plant	138,638	-	138,638
Central	94,756	239,385	334,141
Other	526,140	243	526,383
Total expenditures	<u>1,884,388</u>	<u>239,628</u>	<u>2,124,016</u>
Net change in fund balances	92,898	6,840	99,738
Fund balances, beginning	167,487	26,364	193,851
Fund balances, ending	<u>\$ 260,385</u>	<u>\$ 33,204</u>	<u>\$ 293,589</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, 2022

Net change in fund balances of total governmental funds (Exhibit 5)		\$ 99,738
<p>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.</p>		
Decrease in OPEB related balances		4,153
<p>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.</p>		
School Administrative Unit pension contributions	\$ 192,349	
Cost of benefits, net of employee contributions	<u>(147,804)</u>	
		<u>44,545</u>
Change in net position of governmental activities (Exhibit 2)		<u>\$ 148,436</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, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
School districts' assessments	\$ 1,953,257	\$ 1,953,257	\$ -
Other local	4,000	24,029	20,029
Total revenues	<u>1,957,257</u>	<u>1,977,286</u>	<u>20,029</u>
EXPENDITURES			
Current:			
Support services:			
Instructional staff	138,800	138,785	15
General administration	1,520	1,221	299
Executive administration	499,025	489,593	9,432
Business	503,139	494,791	8,348
Operation and maintenance of plant	143,578	138,638	4,940
Central	93,560	95,473	(1,913)
Other	577,635	528,940	48,695
Total expenditures	<u>1,957,257</u>	<u>1,887,441</u>	<u>69,816</u>
Net change in fund balance	<u>\$ -</u>	89,845	<u>\$ 89,845</u>
Decrease in nonspendable fund balance		315	
Unassigned fund balance, beginning		162,233	
Unassigned fund balance, ending		<u>\$ 252,393</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, 2022**

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the School Administrative Unit No. 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, 2022.

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, 2022**

Fund Financial Statements

Fund financial statements are provided for the governmental funds with each major fund in a separate 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 Funds*

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.

**SCHOOL ADMINISTRATIVE UNIT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING
JUNE 30, 2022**

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. 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:

- Nonspendable, which represents the balance of prepaid expenditures.
- 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 2022, none of the fund balance from the fiscal year 2021 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.

**SCHOOL ADMINISTRATIVE UNIT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING
JUNE 30, 2022**

II.B. Reconciliation of Budgetary Basis to GAAP

General Fund:

Expenditures:		
Per Exhibit 7 (budgetary basis)		\$ 1,887,441
Adjustments:		
Basis difference:		
Encumbrances, beginning		4,464
Encumbrances, ending		(7,517)
Per Exhibit 5 (GAAP basis)		<u>\$ 1,884,388</u>

II.C. Deficit Net Position in Governmental Activities

The School Administrative Unit reports a deficit net position of \$886,539 at June 30, 2022. The deficit is primarily 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. Receivables

Significant receivables consist of reimbursements and intergovernmental amounts arising from reimbursements from school districts for shared services. Receivables are recorded on the School Administrative Unit's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation and collectability.

III.B. Components of Fund Balances

Fund balances are categorized as described in Note I.C.3., in the following components:

	General Fund	Miscellaneous Fund	Total Governmental Funds
Nonspendable - prepaid items	\$ 475	\$ -	\$ 475
Committed for support services	-	33,204	33,204
Assigned to support services	7,517	-	7,517
Unassigned	252,393	-	252,393
Total fund balances	<u>\$ 260,385</u>	<u>\$ 33,204</u>	<u>\$ 293,589</u>

**SCHOOL ADMINISTRATIVE UNIT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING
JUNE 30, 2022**

IV. Other Information

IV.A. Risk Management

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

Primex's Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Coverage is provided for the fiscal year. Primex provided statutory worker's compensation coverage, and various amounts of coverage for property and liability losses. Contributions billed and paid for property/liability and workers' compensation coverage for the fiscal year ended June 30, 2022 totaled \$2,461 and \$1,799, respectively. There were no unpaid contributions for the year ended June 30, 2022. The membership agreement permits Primex to make additional assessments to members should there be a deficiency in assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

General Information about the Pension Plan

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

Both the members and the School Administrative Unit make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution was 7% of gross earnings for all employees. The rate of contribution from the School Administrative Unit was 14.06%, which is actuarially determined to generate an amount that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the School Administrative Unit during the fiscal years 2020, 2021, and 2022 were \$131,004, \$142,248, and \$192,346 respectively. The amounts were 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, 2022**

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

At June 30, 2022, the School Administrative Unit reported a liability of \$1,302,933 for its proportionate share of the net pension liability. The net pension liability is based upon a June 30, 2020 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2021. The roll-forward of the total pension liability from June 30, 2020 to June 30, 2021 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year. The School Administrative Unit's proportion of the net pension liability was based on a projection of the School Administrative Unit's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2022, the School Administrative Unit's proportion was 0.0294%, which was an increase of 0.0010% from its proportion reported as of June 30, 2021.

For the year ended June 30, 2022, the School Administrative Unit recognized pension expense of \$147,804. At June 30, 2022, the School Administrative Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 195,506	\$ 16,585
Net differences between projected and actual earnings on pension plan investments	-	364,400
Changes in assumptions	136,084	-
Differences between expected and actual experience	36,484	13,641
School Administrative Unit's contributions subsequent to the measurement date	192,346	-
	<u>\$ 560,420</u>	<u>\$ 394,626</u>

The School Administrative Unit reported \$192,346 as deferred outflows of resources related to pensions resulting from School Administrative Unit contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

**SCHOOL ADMINISTRATIVE UNIT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING
JUNE 30, 2022**

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

Year Ended June 30,	
2023	\$ 28,766
2024	45,322
2025	8,819
2026	(109,459)
	<u>\$ (26,552)</u>

Actuarial Assumptions

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

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	18 years, beginning July 1, 2021 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smoothed market for funding purposes, 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Municipal Bond Rate	2.45% per year
Salary Increases	5.6% average, including inflation
Investment Rate of Return	7.25% net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2020 valuations were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 to June 30, 2015.

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

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

The following presents the School Administrative Unit's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the School Administrative Unit's proportionate share of the net pension liability would be if it were calculated using a

**SCHOOL ADMINISTRATIVE UNIT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING
JUNE 30, 2022**

discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Administrative Unit's proportionate share of net pension liability	\$ 1,863,343	\$ 1,302,933	\$ 835,459

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

IV.C. Other Postemployment Benefits

Plan Description

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

**SCHOOL ADMINISTRATIVE UNIT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING
JUNE 30, 2022**

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

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

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	\$987.50	\$1,975.01	\$2,666.26
ABS0S20/40/1KDED(07)-RX10/20/45	\$987.50	\$1,536.23	\$2,073.91

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, 2022, the School Administrative Unit recognized nothing for its share of insurance premiums for currently enrolled retirees.

With the medical insurance subsidy plan, there is a payment made by the NHRS to the former employer or its insurance administrator toward the cost of health insurance for the qualified retiree, his/her qualified spouse, and dependent children with disability who are living in the retiree’s household and being cared for by the retiree. If the health insurance premium is less than the medical subsidy amount, then only the premium amount is paid by the NHRS. If the insurance premium is more than the medical subsidy amount, then the retiree or other qualified person is responsible for paying the balance of the premium. Benefits are based on age, creditable service, and retirement or hire dates. This plan is closed to new entrants. As of the June 30, 2021 measurement date, participants of the postretirement plan that met eligibility requirements were comprised of 15 active employees and no retirees.

Total OPEB Liability

The School Administrative Unit’s total OPEB liability of \$47,537 (\$43,216 medical subsidy and \$4,321 implicit rate subsidy) was determined by an actuarial valuation as of July 1, 2020 for the medical subsidy and July 1, 2021 for the implicit rate subsidy, rolled forward to the measurement date using actuarial assumptions, applied to all periods included in the measurement.

**SCHOOL ADMINISTRATIVE UNIT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING
JUNE 30, 2022**

Actuarial Assumptions

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

Discount Rate: 3.54%, net of investment expenses, including inflation

Actuarial Cost Method: Entry Age Normal. The costs of each employee’s postemployment benefits are allocated at 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

Healthcare Cost Trend Rates:	<u>Year</u>	<u>Trend</u>
	2	6.90%
	3	6.30%
	4	5.70%
	Ultimate	3.90%

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 Annuitants Mortality Tables for males and females projected with generational mortality improvement using Scale MP-2015

Inflation: 2.2%

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

Discount Rate

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

Healthcare Cost Trend Rates

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

**SCHOOL ADMINISTRATIVE UNIT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING
JUNE 30, 2022**

Sensitivity of Total OPEB Liability

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

Implicit Rate Subsidy:	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
School Administrative Unit's total OPEB liability	\$ 4,592	\$ 4,321	\$ 4,063
 Medical Subsidy:	 1% Decrease (5.75%)	 Current Discount Rate (6.75%)	 1% Increase (7.75%)
School Administrative Unit's total OPEB liability	\$ 46,980	\$ 43,216	\$ 39,942

The following presents the total OPEB liability for the implicit rate subsidy calculated using the current healthcare cost trend rate of 6.90%, as well as what the total OPEB liability would be if it were calculated using a healthcare trend rate 1-percentage point lower or 1-percentage point higher:

	1% Decrease (5.90%)	Current Healthcare Cost Trend Rate (6.90%)	1% Increase (7.90%)
School District's total OPEB liability	\$ 3,890	\$ 4,321	\$ 4,824

These notes continue on the following page.

**SCHOOL ADMINISTRATIVE UNIT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING
JUNE 30, 2022**

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

For the year ended June 30, 2022, the School Administrative Unit recognized OPEB expense of \$3,026. At June 30, 2022, the School Administrative Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 8	\$ -
Net differences between projected and actual earnings on pension plan investments	-	540
Changes in assumptions	336	402
Differences between expected and actual experience	-	1,659
School Administrative Unit's contributions subsequent to the measurement date	6,805	-
	<u>\$ 7,149</u>	<u>\$ 2,601</u>

The School Administrative Unit reported \$6,805 as deferred outflows of resources related to OPEB resulting from School Administrative Unit contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

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,	
2023	\$ (527)
2024	(517)
2025	(506)
2026	(487)
2027	(220)
	<u>\$ (2,257)</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
2022	0.0294%	\$ 1,302,933	\$ 1,304,690	99.87%	72.22%
2021	0.0284%	\$ 1,818,584	\$ 1,183,722	153.63%	58.72%
2020	0.0251%	\$ 1,208,869	\$ 1,108,673	109.04%	65.59%
2019	0.0216%	\$ 1,037,816	\$ 927,183	111.93%	64.73%
2018	0.0238%	\$ 1,171,560	\$ 809,046	144.81%	62.66%
2017	0.0241%	\$ 1,281,198	\$ 803,588	159.43%	58.30%
2016	0.0253%	\$ 1,001,990	\$ 919,534	108.97%	65.47%
2015	0.0206%	\$ 773,575	\$ 812,718	95.18%	66.32%
2014	0.0254%	\$ 1,093,912	\$ 640,720	170.73%	59.82%

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
2022	\$ 192,346	\$ (192,346)	\$ -	\$ 1,304,690	14.74%
2021	\$ 142,248	\$ (142,248)	\$ -	\$ 640,720	22.20%
2020	\$ 131,004	\$ (131,004)	\$ -	\$ 1,108,673	11.82%
2019	\$ 114,654	\$ (114,654)	\$ -	\$ 927,183	12.37%
2018	\$ 94,228	\$ (94,228)	\$ -	\$ 809,046	11.65%
2017	\$ 88,077	\$ (88,077)	\$ -	\$ 803,588	10.96%
2016	\$ 89,397	\$ (89,397)	\$ -	\$ 919,534	9.72%
2015	\$ 87,606	\$ (87,606)	\$ -	\$ 812,718	10.78%
2014	\$ 67,897	\$ (67,897)	\$ -	\$ 640,720	10.60%

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 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Total OPEB liability:						
Service cost	\$ 1,511	\$ 1,447	\$ 1,419	\$ 1,537	\$ 1,799	\$ 1,092
Interest	3,454	3,614	4,275	3,036	1,018	140
Project earnings on plan investments	(1,155)	(280)	(206)	(202)	-	-
Changes of assumptions	-	110	330	926	(577)	(202)
Other administrative costs	19	18	29	5	-	-
Differences between expected and actual experience	(3,462)	2,538	1,839	10,334	19,217	-
Benefit payments	(5,349)	(6,472)	(5,745)	(7,415)	(7,812)	(1,031)
Net change in total OPEB liability	(4,982)	975	1,941	8,221	13,645	(1)
Total OPEB liability, beginning	52,519	51,544	49,603	41,382	27,737	27,738
Total OPEB liability, ending	<u>\$ 47,537</u>	<u>\$ 52,519</u>	<u>\$ 51,544</u>	<u>\$ 49,603</u>	<u>\$ 41,382</u>	<u>\$ 27,737</u>
Covered payroll	\$1,304,690	\$ 640,720	\$1,188,298	\$1,043,750	\$ 980,068	\$ 969,177
Total OPEB liability as a percentage of covered payroll	3.64%	8.20%	4.34%	4.75%	4.22%	2.86%
School Administrative Unit's proportion of the NHRS's net OPEB liability for the medical insurance subsidy	0.0106%	0.0106%	0.0104%	0.0065%	0.0042%	-

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

EXHIBIT 11
SCHOOL ADMINISTRATIVE UNIT NO. 41
Schedule of the School Administrative Unit's OPEB Contributions

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Actuarially determined contribution	\$ 5,625	\$ 6,430	\$ 6,279	\$ 5,302	\$ 2,240	\$ 1,030
Contributions in relation to the actuarially determined contribution	(5,186)	(5,838)	(5,745)	(7,415)	(7,812)	(1,031)
Contribution (excess) deficiency	<u>\$ 439</u>	<u>\$ 592</u>	<u>\$ 534</u>	<u>\$ (2,113)</u>	<u>\$ (5,572)</u>	<u>\$ (1)</u>
Covered-employee payroll	\$1,304,690	\$ 640,720	\$1,188,298	\$1,043,750	\$ 980,068	\$ 969,177
Contributions as a percentage of covered-employee payroll	0.43%	1.00%	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
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

The Pension and OPEB Schedules are meant to present related information for ten years. Because this is the eighth year that the School Administrative Unit has presented the pension information, and the fifth year for the OPEB information under the current measurement standard, only nine years and six 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, 2022

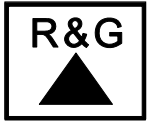
	Estimated	Actual	Variance Positive (Negative)
School districts' assessments:			
Current appropriation	\$ 1,953,257	\$ 1,953,257	\$ -
Other local sources:			
Investment earnings	-	175	175
Indirect costs	-	6,507	6,507
Miscellaneous	4,000	17,347	13,347
Total from other local sources	4,000	24,029	20,029
Total revenues	\$ 1,957,257	\$ 1,977,286	\$ 20,029

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, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Support services:					
Instructional staff	\$ -	\$ 138,800	\$ 138,785	\$ -	\$ 15
General administration	-	1,520	1,221	-	299
Executive administration	464	499,025	490,057	-	9,432
Business	-	503,139	494,791	-	8,348
Operation and maintenance of plant	-	143,578	138,638	-	4,940
Central	-	93,560	94,756	717	(1,913)
Other	4,000	577,635	526,140	6,800	48,695
	<u>4,000</u>	<u>577,635</u>	<u>526,140</u>	<u>6,800</u>	<u>48,695</u>
Total encumbrances, appropriations, and expenditures	<u>\$ 4,464</u>	<u>\$ 1,957,257</u>	<u>\$ 1,884,388</u>	<u>\$ 7,517</u>	<u>\$ 69,816</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, 2022

Unassigned fund balance, beginning		\$ 162,233
Budget summary:		
Revenue surplus (Exhibit 12)	\$ 20,029	
Unexpended balance of appropriations (Exhibit 13)	<u>69,816</u>	
Budget surplus		89,845
Decrease in nonspendable fund balance		<u>315</u>
Unassigned fund balance, ending		<u><u>\$ 252,393</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, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the School Administrative Unit's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Administrative Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Administrative Unit's internal control.

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

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

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

April 25, 2023

Roberts & Greene, PLLC