

AGENDA

**SCHOOL ADMINISTRATIVE UNIT NO. 12
Office of the Superintendent of Schools
Londonderry, New Hampshire 03053**

A concurrent meeting of the School Administrative Unit No. 12 School Board and the Londonderry School District School Board will be held on Thursday, December 21, 2017 at 7:00PM at the Londonderry Town Office, Moose Hill Conference Room, 268B Mammoth Road, Londonderry, NH.

- 7:00 PM 1. Call To Order

- 2. Pledge of Allegiance

- 7:05 PM 3. Questions, Announcements and Presentations
 - 3.1 FY17 Audit Report Presentation – Peter Curro

- 8:00 PM 4. Open Public Hearing on Multi-Year Lease Agreement to Relocate the School Administrative Unit Office
 - 4.1 Public Hearing on Multi-Year Lease Agreement to Relocate the School Administrative Unit (SAU) Office

- 8:30 PM 5. Adjourn Public Hearing on Multi-Year Lease Agreement to Relocate the School Administrative Unit Office

- 6. Meetings

January 4, 2018	Budget Workshop	7:00PM	Town Offices
January 9, 2018	Regular Meeting	7:00PM	Town Offices
January 9, 2018	Deadline for cost items for all CBA's		
	Deadline for citizens' petition articles submission		
January 11, 2018	Budget Public Hearing	7:00PM	Town Offices
January 16, 2018	Bond Hearing (if necessary)	7:00PM	Town Offices
January 17, 2018	Adult Ed Graduation	6:00PM	LHS Cafe
January 23, 2018	Regular Meeting	7:00PM	Town Offices
January 24, 2018	1 st Day of Filing Period for Candidates		
February 2, 2018	Last Day of Filing Period for Candidates		

December 21, 2017

8:35 PM 7. Budget Workshop

- 7.1 Dining Services
- 7.2 IT
- 7.3 Buildings and Grounds
- 7.4 Equipment Trust
- 7.5 District Office
- 7.6 Estimated Revenue

9:15 PM 8. Non-Public Session

Non-Public Session requested under RSA 91-A:3, Section II (c). Please see attached Confidential Memorandum.

- 8.1 Personnel Matter

9. Adjournment

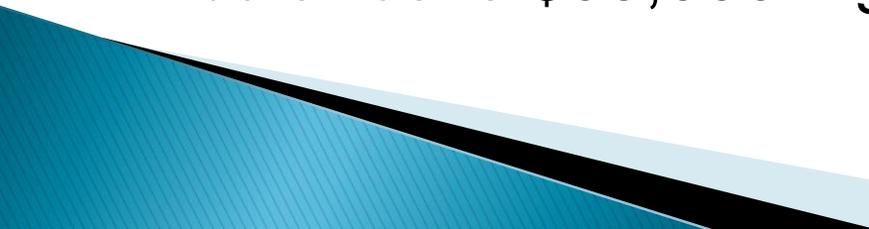
Londonderry, New Hampshire School District

Review of Audited Financial Statements as of
and for the Year Ended June 30, 2017

Independent Auditor's Report

- ▶ The District received an Unmodified Opinion on its financial statements for all of its reporting units as of and for the year ended June 30, 2017.
 - ▶ We continue to audit the District's financial statements using the risk based audit approach which emphasizes the evaluation of both audit risk and fraud risk.
 - ▶ Under this approach, the selection of audit procedures varies from year to year and incorporates elements of unpredictability. We focus on areas deemed to be of high risk for misstatement and fraud.
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General Fund Budget and Actual Comparison

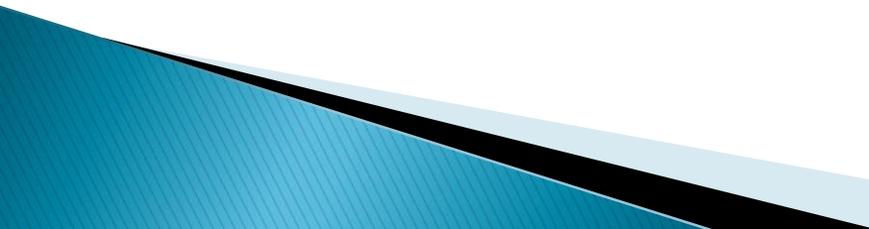
- ▶ Total revenues and other financing sources were lower than the budgeted estimates by \$31 thousand.
 - ▶ Total expenditures and other financing uses were \$126 thousand less than the appropriated amount.
 - ▶ The end result is that the District's ending fund balance is \$95,000 higher than originally budgeted.
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Budgetary Fund Balance

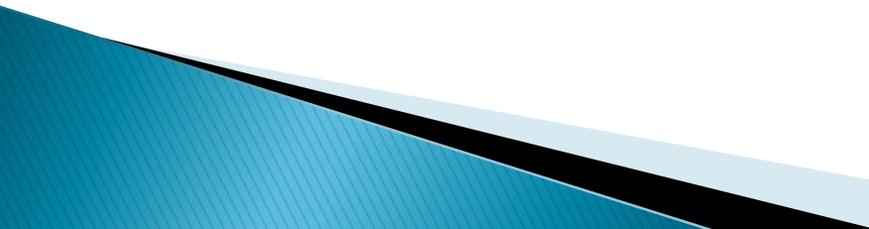
The budgetary fund balance of the General Fund as of 6/30/17 consists of the following:

Prepaid expenses	\$	17,021
Subsequent year expenditures		175,000
Offset FY18 tax rate		11,242
Fund balance retention		402,810
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	\$	606,073
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Net Pension Liability

- ▶ The District's estimated share of the net pension liability is based on the total retirement contributions paid into the plan as a percentage of ALL retirement contributions from NH municipalities during the fiscal year.
 - ▶ The District's percentage increased from 1.1554% at 6/30/15 to 1.1823% at 6/30/16.
 - ▶ Yet, the District's net pension liability increased by \$17.1 million to \$62.9 million.
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Net Pension Liability

- ▶ Why did the District's share of the net pension liability increase so much?
 - The pension liability is estimated using several actuarial assumptions such as: inflation, wage inflation, salary increases, and investment rate of return
 - The most significant assumption used is the investment rate which decreased from 7.75% in FY15 to 7.25% in FY16
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Net Pension Liability

- Because of the significance of the investment rate on the pension liability figure, there is a required disclosure to indicate the District's proportionate share of the net pension liability as follows:
 - Current rate (7.25%) = \$62,872,190
 - 1% decrease (6.25%) = \$80,786,481
 - 1% increase (8.25%) = \$48,015,125

Food Service Fund

- ▶ Here is a look at year 2 after the high school withdrew from the national school lunch program.
 - The number of paid and reduced lunches served at the high school increased 1.3% from approximately 80,000 to 81,000.
 - Throughout the District, the overall number of reduced meals increased, but the number of paid meals decreased to a net decrease of 5,800 meals served. Total revenue decreased by \$58,000 to \$1.4 million in FY17.

Federal Compliance Audit

- ▶ The District expended approximately \$1.7 million in federal awards (similar to last year), and a federal compliance audit was performed.
- ▶ As part of the federal compliance audit, we tested the District's internal control over both *financial reporting* and on *compliance* with the federal awards.
- ▶ We are pleased to report that there were no deficiencies or weaknesses identified and no findings or questioned costs to report.
- ▶ The District received an Unmodified Opinion on its Federal Compliance Audit.

Future Pronouncements

- ▶ There is a new pronouncement that is required to be implemented during the year ending June 30, 2018:
 - *GASB #75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
 - The District will be required to report its estimated share of the NH Retirement System's medical subsidy liability.

Governance Communication

- ▶ Required communication to the School Board and management summarizing the overall audit process for the year. Key items are as follows:
 - We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance.

Governance Communication

- A listing of the material audit adjustments has been provided (one pertained to the bond refunding).
- No unusual issues were discussed prior to our retention as auditors.
- ▶ A separate management letter was issued.
 - The receipt of student activity fund monies in the Middle School were not supported by a receipt form that is signed by two individuals.

Thank You

- ▶ On behalf of myself and the members of our firm, we thank you for allowing us to serve as your independent auditors.
 - ▶ We also want to express our appreciation to the management team and the finance office for their assistance during the audit.
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