

SANBORN REGIONAL SCHOOL DISTRICT
Financial Statements
With Schedule of Expenditures of Federal Awards
June 30, 2021
and
Independent Auditor's Report

**Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

**Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Schedule of Findings and Questioned Costs

**SANBORN REGIONAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
June 30, 2021**

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**SANBORN REGIONAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
June 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the School Board
Sanborn Regional School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sanborn Regional School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, each major fund, and the aggregate remaining fund information of the Sanborn Regional School District, as of June 30, 2021, and the respective changes in financial position thereof 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, budgetary comparison information, schedule of changes in the District's proportionate share of the net OPEB liability, schedule of District OPEB contributions, schedule of changes in the District's total OPEB liability and related ratios, schedule of changes in the District's proportionate share of the net pension liability, and schedule of District pension contributions, on pages i-vi and 32-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sanborn Regional School District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and combining nonmajor governmental fund financial statements 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 schedule of expenditures of federal awards and the combining nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022 on our consideration of Sanborn Regional School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sanborn Regional School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sanborn Regional School District's internal control over financial reporting and compliance.

Vachon Clukay & Company PC

Manchester, New Hampshire
March 30, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Sanborn Regional School District (District), we offer readers of the District's Financial Statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

1. Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows at the close of the most recent year by \$(6,269,938) (*net position*). Of this amount, \$(32,686,362) (*unrestricted net position*), had it been positive, may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's total net position changed by \$2,136,143.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$4,621,741, a change of \$596,948 in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$2,274,773, and is *available for spending* at the Annual District Meeting's discretion or returned to taxpayers.
- The District's total bonded debt changed by \$1,132,240 during the current fiscal year. This change represents net repayment of principal debt service. Additionally, the District has one lease obligation with a total outstanding balance of \$6,863 at year-end with annual repayments through fiscal year 2024.
- At year end, the District reported a net pension liability of \$21,938,884 for all of its activities (not including related deferred inflows and outflows of resources).

2. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the items reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the time of related cash flows*. Thus, revenues

and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. unearned grant revenue and earned but unused vacation leave).

Fund Financial Statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains four individual governmental funds. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other funds are combined into a single, aggregated presentation.

The District adopted an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements, because the resources of those funds are *not* available to support the District's own programs.

Notes to the 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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* that is required to be disclosed by accounting principles generally accepted in the United States of America.

3. Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$(6,269,938) (*net position*) at the close of the most recent fiscal year.

The largest portion of the District's net position, \$26,361,894, reflects its investment in capital assets (e.g., land, buildings and building improvements, and machinery, equipment and furnishings), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following is a summary of condensed statement of net position and statement of activities for government-wide financial data for the current and prior fiscal years.

Sanborn Regional School District's Condensed Statement of Net Position

	Governmental Activities	
	2021	2020
Current and other assets	\$ 5,213,001	\$ 4,509,019
Capital assets	30,483,474	30,839,904
Total assets	35,696,475	35,348,923
Deferred outflows of resources	6,079,406	8,043,641
Long-term liabilities outstanding	35,906,659	47,077,086
Other liabilities	3,081,532	2,986,177
Total liabilities	38,988,191	50,063,263
Deferred inflows of resources	9,057,628	1,735,382
Net position:		
Net investment in capital assets	26,361,894	25,567,145
Restricted	54,530	78,691
Unrestricted	(32,686,362)	(34,051,917)
Total net position	\$ (6,269,938)	\$ (8,406,081)

Sanborn Regional School District's Condensed Statement of Net Position

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for service	\$ 39,753	\$ 314,477
Operating grants and contributions	2,677,052	1,931,933
General revenues	32,340,537	33,595,482
Total revenues	35,057,342	35,841,892
Expenses:		
Instruction	18,880,634	22,281,260

Sanborn Regional School District's Condensed Statement of Net Position

	Governmental Activities	
	2021	2020
Support services	3,850,282	3,922,423
Administration	3,541,371	4,008,442
Operation and maintenance	2,882,525	3,066,607
Transportation	1,252,422	1,211,201
Central	1,290,370	1,185,926
Interest expense	1,223,595	1,178,635
Total expenses	<u>32,921,199</u>	<u>36,854,494</u>
Change in net position	2,136,143	(1,012,602)
Net position - Beginning of year, as adjusted	<u>(8,406,081)</u>	<u>(7,393,479)</u>
Net position - End of year	\$ <u>(6,269,938)</u>	\$ <u>(8,406,081)</u>

An additional portion of the District's net position (\$54,530) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$32,686,362), had it been positive, may be used to meet the District's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities changed the District's net position changed by \$2,136,143. Key elements of this change are as follows:

Governmental Activities:	
General Fund	\$ 546,502
Grants Fund – Major Fund	2,499
Nonmajor Funds	47,947
Depreciation expense, net of capital asset purchases	(356,430)
Financial resources, such as grant revenue, met the revenue recognition criteria	2,381
Repayment of long-term debt, net of bond premium amortization	1,095,514
Change in OPEB and net pension obligation, net of deferred resources	814,821
Other GAAP accruals	<u>(17,091)</u>
Total	\$ <u>2,136,143</u>

4. Financial Analysis of the Government’s Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$4,621,741, which is a change of \$596,948 in comparison with the prior year. Key elements of this change are as follows:

Governmental Activities:	
General Fund	\$ 546,502
Grants Fund – Major Fund	2,499
Nonmajor Funds	<u>47,947</u>
Total	\$ <u>596,948</u>

The general fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$2,274,773, while the total fund balance was \$4,158,399. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 7.00 percent of total general fund expenditures, while total fund balance represents 12.79 percent of that same amount.

As noted above, total fund balance of the general fund changed by \$546,502 during the current fiscal year. Key elements of this change are as follows:

Revenue greater than budget	\$ 232,792
Expenditures less than budget	2,126,288
Use of fund balance as a funding source	(2,430,355)
Other	<u>617,777</u>
Total	\$ <u>546,502</u>

5. Capital Asset and Debt Administration

Capital Assets. The District’s investment in capital assets, as of June 30, 2021, amounted to \$30,483,474 (net of accumulated depreciation), for its governmental activities. This investment in capital assets includes land, buildings and building improvements, and machinery, equipment and furnishings.

Major capital asset events during the current fiscal year included the following:

	<u>Governmental Activities</u>
Capital asset additions:	
Cameras – D.J. Bakie Elementary	\$ 10,630
STEM/Robotics Classroom High School	18,444
Bassoon Model IV	5,775
Memorial School Front Entrance	46,058
Middle School transition project	588,547
Accounting System Upgrade	50,368
High School/Middle Sound System upgrade	14,168

Additional information on the District’s capital assets can be found in the notes to the financial statements.

6. Request for Information

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in the District’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Office, Business Administrator, Sanborn Regional School District, 51 Church Street, PO Box 429, Kingston, New Hampshire 03848.

EXHIBIT A
SANBORN REGIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Governmental <u>Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 4,192,073
Accounts receivable	72,912
Due from other governments	816,269
Prepaid items	<u>131,747</u>
Total Current Assets	<u>5,213,001</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	1,162,125
Depreciable capital assets, net	<u>29,321,349</u>
Total Noncurrent Assets	<u>30,483,474</u>
Total Assets	<u>35,696,475</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to OPEB liability	2,607,969
Deferred outflows of resources related to net pension liability	<u>3,471,437</u>
Total Deferred Outflows of Resources	<u>6,079,406</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	406,652
Accrued liabilities	1,051,784
Other liabilities	3,229
Unearned food service sales	21,876
Current portion of bonds payable	1,008,331
Current portion of capital leases payable	2,172
Current portion of early retirement benefits	398,628
Current portion of compensated absences payable	<u>188,860</u>
Total Current Liabilities	<u>3,081,532</u>
Noncurrent Liabilities:	
Bonds payable	3,106,386
Capital leases payable	4,691
Early retirement benefits	737,222
Compensated absences payable	346,124
Other post-employment benefits (OPEB) liability	9,773,352
Net pension liability	<u>21,938,884</u>
Total Noncurrent Liabilities	<u>35,906,659</u>
Total Liabilities	<u>38,988,191</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to OPEB liability	1,267,653
Deferred inflows of resources related to net pension liability	<u>7,789,975</u>
Total Deferred Inflows of Resources	<u>9,057,628</u>
NET POSITION	
Net investment in capital assets	26,361,894
Restricted	54,530
Unrestricted (Deficit)	<u>(32,686,362)</u>
Total Net Position (Deficit)	<u>\$ (6,269,938)</u>

See accompanying notes to the basic financial statements

EXHIBIT B
SANBORN REGIONAL SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Instruction	\$ 18,880,634		\$ 1,344,988	\$ (17,535,646)
Supporting services	3,183,691		90,831	(3,092,860)
General administration	3,541,371			(3,541,371)
Operation and maintenance of plant	2,882,525		633,649	(2,248,876)
Pupil transportation	1,252,422		15,498	(1,236,924)
Food service	666,591	\$ 39,753	583,627	(43,211)
Centralized services	1,290,370		8,459	(1,281,911)
Interest and fiscal charges	1,223,595			(1,223,595)
Total governmental activities	<u>\$ 32,921,199</u>	<u>\$ 39,753</u>	<u>\$ 2,677,052</u>	<u>(30,204,394)</u>
General revenues:				
Property taxes				24,502,224
State education grants				3,308,749
Tuition				4,083,750
Interest income				7,104
Miscellaneous				438,710
Total general revenues				<u>32,340,537</u>
Change in net position				2,136,143
Net Position (Deficit) at beginning of year				<u>(8,406,081)</u>
Net Position (Deficit) at end of year				<u>\$ (6,269,938)</u>

See accompanying notes to the basic financial statements

EXHIBIT C
SANBORN REGIONAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General</u> <u>Fund</u>	<u>Grants</u> <u>Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets:				
Cash and cash equivalents	\$ 3,978,358		\$ 213,715	\$ 4,192,073
Accounts receivable	31,845	\$ 10,490	30,577	72,912
Due from other governments	614,459	157,768	44,042	816,269
Due from other funds	115,230		230,126	345,356
Prepaid items	131,747			131,747
Total Assets	<u>4,871,639</u>	<u>168,258</u>	<u>518,460</u>	<u>5,558,357</u>
Deferred Outflows of Resources:				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 4,871,639</u>	<u>\$ 168,258</u>	<u>\$ 518,460</u>	<u>\$ 5,558,357</u>
Liabilities:				
Accounts payable	\$ 283,399		\$ 79,656	\$ 363,055
Accrued liabilities	152,889			152,889
Other liabilities	3,229			3,229
Unearned food service sales			21,876	21,876
Due to other funds	273,723	\$ 115,230		388,953
Total Liabilities	<u>713,240</u>	<u>115,230</u>	<u>101,532</u>	<u>930,002</u>
Deferred Inflows of Resources:				
Advances from grantor		6,614		6,614
Total Deferred Inflows of Resources	<u>-</u>	<u>6,614</u>	<u>-</u>	<u>6,614</u>
Fund Balances:				
Nonspendable	131,747			131,747
Restricted		46,414	8,116	54,530
Committed	714,459		195,097	909,556
Assigned	1,037,420		213,715	1,251,135
Unassigned	2,274,773			2,274,773
Total Fund Balances	<u>4,158,399</u>	<u>46,414</u>	<u>416,928</u>	<u>4,621,741</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,871,639</u>	<u>\$ 168,258</u>	<u>\$ 518,460</u>	<u>\$ 5,558,357</u>

See accompanying notes to the basic financial statements

EXHIBIT C-1
SANBORN REGIONAL SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 4,621,741
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	30,483,474
Revenues are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	6,614
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources related to OPEB liability	2,607,969
Deferred outflows of resources related to net pension liability	3,471,437
Deferred inflows of resources related to OPEB liability	(1,267,653)
Deferred inflows of resources related to net pension liability	(7,789,975)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Bonds payable	(4,114,717)
Capital leases payable	(6,863)
Accrued interest on long-term obligations	(898,895)
Early retirement benefits payable	(1,135,850)
Compensated absences payable	(534,984)
OPEB liability	(9,773,352)
Net pension liability	<u>(21,938,884)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ (6,269,938)</u>

See accompanying notes to the basic financial statements

EXHIBIT D
SANBORN REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General <u>Fund</u>	Grants <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:				
Taxes	\$ 24,502,224			\$ 24,502,224
Intergovernmental	4,275,671	\$ 1,101,075	\$ 583,627	5,960,373
Tuition	4,083,750			4,083,750
Charges for services			39,753	39,753
Interest income	7,104			7,104
Miscellaneous	191,828	23,047	246,882	461,757
Total Revenues	<u>33,060,577</u>	<u>1,124,122</u>	<u>870,262</u>	<u>35,054,961</u>
Expenditures:				
Current operations:				
Instruction	18,040,284	902,199	84,107	19,026,590
Supporting services	3,015,150	90,831		3,105,981
General administration	3,714,288			3,714,288
Operation and maintenance of plant	3,042,122	120,134	88,168	3,250,424
Pupil transportation	1,252,422			1,252,422
Food service			650,040	650,040
Centralized services	1,149,639	8,459		1,158,098
Debt service:				
Principal retirement	1,058,291			1,058,291
Interest and fiscal charges	1,241,879			1,241,879
Total Expenditures	<u>32,514,075</u>	<u>1,121,623</u>	<u>822,315</u>	<u>34,458,013</u>
Net change in fund balances	546,502	2,499	47,947	596,948
Fund Balances at beginning of year	<u>3,611,897</u>	<u>43,915</u>	<u>368,981</u>	<u>4,024,793</u>
Fund Balances at end of year	<u>\$ 4,158,399</u>	<u>\$ 46,414</u>	<u>\$ 416,928</u>	<u>\$ 4,621,741</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1
SANBORN REGIONAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2021

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ 596,948
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(356,430)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,381
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,058,291
Governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are amortized in the statement of activities over the life of the related debt.	73,949
Repayment of principal on capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	18,939
In the statement of activities, interest is accrued on outstanding bonds payable and capital leases payable, whereas in governmental funds, an interest expenditure is reported when due.	(55,665)
Some expenses reported in the statement of activities, such as compensated absences and early retirement benefits, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(17,091)
Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.	
Net changes in OPEB	(127,153)
Net changes in pension	<u>941,974</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 2,136,143</u>

See accompanying notes to the basic financial statements

EXHIBIT E
SANBORN REGIONAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Private- Purpose Trust Fund</u>
ASSETS	
Due from other funds	\$ 43,597
Total Assets	<u>43,597</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total Deferred Outflows of Resources	<u>-</u>
LIABILITIES	
Total Liabilities	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	
Total Deferred Inflows of Resources	<u>-</u>
NET POSITION	
Held in trust	<u>43,597</u>
Total Net Position	<u>\$ 43,597</u>

See accompanying notes to the basic financial statements

EXHIBIT F
SANBORN REGIONAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Private- Purpose <u>Trust Fund</u>
ADDITIONS:	
Contributions	\$ 30,610
Total Additions	<u>30,610</u>
DEDUCTIONS:	
Scholarship Benefits	<u>33,050</u>
Total Deductions	<u>33,050</u>
Change in net position	(2,440)
Net Position at beginning of year	<u>46,037</u>
Net Position at end of year	<u><u>\$ 43,597</u></u>

See accompanying notes to the basic financial statements

**SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

For the Year Ended June 30, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Sanborn Regional School District conform to accounting principles generally accepted in the United States of America for local educational units of government, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Sanborn Regional School District (the “District”) is an independent governmental entity organized under the laws of the State of New Hampshire to provide public education within the borders of the Towns of Kingston and Newton, New Hampshire. The District's legislative body is the annual deliberative session followed by balloting of registered voters within the District and is governed by an elected School Board. The District has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements:

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District employs the use of two categories of funds: governmental and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

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

The *Grants Fund* is used to account for the financial resources related to various federal, state, and local education grants and the related expenditures.

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The District maintains one fiduciary fund, a private-purpose trust fund. The private-purpose trust fund was established to account for assets held under trust arrangements exclusively for the benefit of individual scholarship recipients and are therefore not available to support the District's own programs.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

The private-purpose trust fund is reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, and student fees.

Miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantor. On governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred inflows of resources.

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

Budgetary Data

The District's budget represents functional appropriations as authorized by annual District meetings. The school board may transfer funds between operating categories as they deem necessary. The District adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended June 30, 2021, the District applied \$2,305,355 of its unassigned fund balance to reduce taxes.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure or intangible assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Description</u>	<u>Years</u>
	Land improvements	50
	Buildings and improvements	5-75
	Machinery, equipment and vehicles	7-25

Compensated Absences and Early Retirement Benefits

General leave for the District includes both vacation and sick pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon termination, employees are paid for any accrued general leave earned, subject to certain limitations, as set forth in the personnel policy. Additionally, certain professional staff and administrators that have met criteria established in the collective bargaining agreements may be eligible for early retirement benefits. Such agreements limit up to 3 professional staff and one administrator to be eligible in each year. Eligible professional staff members will receive 25-30% of their final salary for a 5-year period and administrators will receive a one-time payment equal to 25% of their final salary.

For governmental fund financial statements, compensated absences and early retirement benefits are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee retirement. The entire compensated absences and early retirement benefits liabilities are reported on the government-wide financial statements.

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

Bond Premium

Bond premiums are amortized as a component of interest expense over the life of the related bond using the effective interest rate method. Bonds payable are reported in the accompanying financial statements gross of any applicable unamortized bond premium.

Accrued Liabilities and Long-Term Obligations

All payables, accrued expenses, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. General obligation bonds, capital leases, and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

Fund Balance Policy

The District has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- *Nonspendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact. The District has classified inventories and prepaid items as being nonspendable, as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- *Restricted Fund Balance*: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District classified local grants as being restricted.
- *Committed Fund Balance*: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (District Meeting). These amounts cannot be used for any other purposes, unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- *Assigned Fund Balance*: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. This intent can be expressed by the District through the budgetary process. The School Board may expressly delegate the authority to assign funds for specific purposes to the Superintendent or Business Administrator.
- *Unassigned Fund Balance*: Amounts that are available for any purpose; these amounts are reported only in the General Fund, except for any deficit fund balances of another governmental fund.

The District's policy is to return to the Town, any unassigned fund balance at fiscal year end, to be used to offset the subsequent fiscal year's tax rate. The School Board has authority to retain unassigned fund balance of the General Fund up to 2.5% of the annual net assessment. For the year ended June 30, 2021 the District retained fund balance in the amount of \$545,012.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2—DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	<u>\$ 4,192,073</u>

Deposits and investments at June 30, 2021 consist of the following:

Cash on hand	\$ 275
Deposits with financial institutions	<u>4,191,798</u>
	<u>\$ 4,192,073</u>

The School District's investment policy for governmental funds requires deposits and investments with financial institutions that are participants in one of the federal depository insurance programs or have collateral approved pursuant to applicable law. The School Board authorizes the School District Treasurer, working in conjunction with the Superintendent, to invest funds of the District.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. In accordance with the District's investment policy, all deposits in excess of federal depository insurance must be secured by collateral having a value at least equal to the amount of such funds.

Of the District's deposits with financial institutions at year end, \$5,050,830 was collateralized by securities held by the bank in the bank's name.

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

NOTE 3—CAPITAL ASSETS

The following is a summary of changes in capital assets of the governmental activities:

	Balance <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2021</u>
Capital assets not being depreciated:				
Construction in progress	\$ 308,060	\$ 60,998	\$ (308,060)	\$ 60,998
Land	1,101,127			1,101,127
Total capital assets not being depreciated	<u>1,409,187</u>	<u>60,998</u>	<u>(308,060)</u>	<u>1,162,125</u>
Other capital assets:				
Land improvements	436,709			436,709
Buildings and improvements	38,784,313	653,048		39,437,361
Machinery, equipment and vehicles	2,261,608	19,943		2,281,551
Total other capital assets at historical cost	<u>41,482,630</u>	<u>672,991</u>	<u>-</u>	<u>42,155,621</u>
Less accumulated depreciation for:				
Land improvements	(264,261)	(18,607)		(282,868)
Buildings and improvements	(10,259,149)	(639,449)		(10,898,598)
Machinery, equipment and vehicles	(1,528,503)	(124,303)		(1,652,806)
Total accumulated depreciation	<u>(12,051,913)</u>	<u>(782,359)</u>	<u>-</u>	<u>(12,834,272)</u>
Total other capital assets, net	<u>29,430,717</u>	<u>(109,368)</u>	<u>-</u>	<u>29,321,349</u>
Total capital assets, net	<u>\$ 30,839,904</u>	<u>\$ (48,370)</u>	<u>\$ (308,060)</u>	<u>\$ 30,483,474</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 551,170
Supporting services	4,413
General administration	66,324
Operation and maintenance of plant	143,901
Food service	16,551
	<u>\$ 782,359</u>

The balance of the assets acquired through capital leases as of June 30, 2021 is as follows:

	Historical <u>Cost</u>	Accumulated <u>Depreciation</u>	Net Book <u>Value</u>
Machinery, equipment and vehicles	<u>\$ 65,095</u>	<u>\$ (22,614)</u>	<u>\$ 42,481</u>

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

4—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in long-term obligations of the governmental activities for the year ended June 30, 2021 are as follows:

<u>Type</u>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts</u>
	<u>July 1, 2020</u>			<u>June 30, 2021</u>	<u>Due Within</u>
					<u>One Year</u>
Bonds payable	\$ 4,811,564		\$ (1,058,291)	\$ 3,753,273	\$ 1,008,331
Unamortized bond premium	435,393		(73,949)	361,444	
Total Bonds payable	5,246,957	\$ -	(1,132,240)	4,114,717	1,008,331
Capital leases payable	25,802		(18,939)	6,863	2,172
Early retirement benefits	1,064,447	365,239	(293,836)	1,135,850	398,628
Compensated absences	589,296	148,789	(203,101)	534,984	188,860
Total	<u>\$ 6,926,502</u>	<u>\$ 514,028</u>	<u>\$ (1,648,116)</u>	<u>\$ 5,792,414</u>	<u>\$ 1,597,991</u>

Payments on the general obligation bonds and capital leases are paid out of the General Fund. Amortization of the bond premium is recognized as a component of interest expense on the Statement of Activities (Exhibit B). Payments on early retirement benefits and compensated absences will be paid from the General Fund.

General Obligation Bonds

Bonds payable at June 30, 2021 is comprised of the following individual issue:

<u>Description</u>	<u>Original</u>	<u>Interest</u>	<u>Maturity</u>	<u>Balance at</u>
	<u>Issue</u>	<u>Rate</u>	<u>Date</u>	<u>June 30, 2021</u>
2004 High School Construction Bonds	\$ 29,770,200	4.54%	August 2024	\$ 3,753,273
			Add: Unamortized bond premium	361,444
				<u>\$ 4,114,717</u>

General obligation bonds are direct obligations of the District, for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within District boundaries.

Debt service requirements to retire general obligation bonds outstanding at June 30, 2021 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>June 30,</u>			
2022	\$ 1,008,331	\$ 1,293,058	\$ 2,301,389
2023	959,842	1,340,547	2,300,389
2024	913,683	1,385,580	2,299,263
2025	871,417	1,440,342	2,311,759
	3,753,273	5,459,527	9,212,800
Add: Unamortized bond premium	361,444		361,444
	<u>\$ 4,114,717</u>	<u>\$ 5,459,527</u>	<u>\$ 9,574,244</u>

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. The following are the capital leases outstanding at June 30, 2021:

Equipment - Floor Scrubber - due in varying annual installments at 3.10% through July 1, 2023	<u>\$ 6,863</u>
---	-----------------

Debt service requirements to retire capital lease obligations outstanding at June 30, 2021 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2022	\$ 2,172	\$ 360	\$ 2,532
2023	2,286	246	2,532
2024	<u>2,405</u>	<u>126</u>	<u>2,531</u>
	<u>\$ 6,863</u>	<u>\$ 732</u>	<u>\$ 7,595</u>

NOTE 5—OTHER POST-EMPLOYMENT BENEFITS

Total OPEB Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and OPEB Expense

	<u>Deferred Outflows</u>	<u>OPEB Liability</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
Cost-Sharing Multiple Employer Plan		\$ 1,853,114	\$ 24,566	\$ (4,594)
Single Employer Plan	<u>\$ 2,607,969</u>	<u>7,920,238</u>	<u>1,243,087</u>	<u>763,813</u>
Total	<u>\$ 2,607,969</u>	<u>\$ 9,773,352</u>	<u>\$ 1,267,653</u>	<u>\$ 759,219</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$1,340,316.

COST-SHARING MULTIPLE EMPLOYER PLAN

Plan Description

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

The OPEB Plan is divided into four membership types. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. The OPEB plan is closed to new entrants.

Benefits Provided

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

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two-person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two-person plan.

Funding Policy

Per RSA-100-A:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The District's contribution rates for the covered payroll of political subdivision employees and teachers were 0.29% and 1.81%, respectively, for the year ended June 30, 2021. Contributions to the OPEB plan for the District were \$222,375 for the year ended June 30, 2021. Employees are not required to contribute to the OPEB plan.

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

At June 30, 2021, the District reported a liability of \$1,853,114 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2020. The District's proportion of the net OPEB liability was based on actual contributions by the District during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2021, the District's proportion was approximately 0.4627 percent, which was a decrease of 0.0282 percentage points from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized negative OPEB expense of (\$4,594). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience		\$ 387
Net difference between projected and actual earnings on OPEB plan investments		23,149
Changes in proportion and differences between District contributions and proportionate share of contributions	<u> </u>	<u>1,030</u>
Totals	<u>\$ -</u>	<u>\$ 24,566</u>

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

<u>June 30,</u>	
2022	\$ (6,711)
2023	(4,864)
2024	(5,452)
2025	<u>(7,539)</u>
	<u>\$ (24,566)</u>

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

The long-term expected rate of return on OPEB Plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic equity	30%	1.14-6.46%
International equity	20%	2.37-5.53%
Fixed income	25%	3.60%
Alternative investments	15%	7.25-8.85%
Real estate	10%	6.60%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2021, was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and RSA 100-A:53. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net OPEB liability calculated using the discount rate of 6.75 percent, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
Net OPEB liability	\$ 2,014,480	\$ 1,853,114	\$ 1,712,714

SINGLE EMPLOYER PLAN

Plan Description

The Sanborn Regional School District administers the retiree health care benefits program, a single employer defined benefits plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The District provides medical benefits to its eligible retirees. The District acquires health insurance through the School Care Health Benefit Plans of the New Hampshire Health Care Coalition (the “Coalition”). Benefits provided by the Coalition are administered by CIGNA. Employees hired before July 1, 2011 must meet one of the following eligibility requirements: age 60 or older with no minimum

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

service requirement, age 50 with 10 years of service, or age plus service equals 70 with a minimum of 20 years of service. Employees hired on or after July 1, 2011 must meet the following eligibility requirements: age 65 regardless of years of creditable service, or age 60 with at least 30 years of service. Retirees and their covered spouses are required to pay 0% to 100% of the premiums for elected coverage, subject to the following eligibility requirements:

- Teachers retiring after July 1, 2017: The District will pay 90% of the premium for eligible teachers hired before June 30, 2002 until age 65.
- Teachers hired before June 30, 2002 with 20 years of service credit, and a minimum of 10 years in the District will have 100% of the medical premium for the retiree and eligible spouse paid for by the District until age 65.
- Administrators retiring after July 1, 2017: The District will pay 90% of the premium for eligible administrators until age 65.
- Administrators retiring at age 55 with 15 years of service in the District receive 100% District paid medical benefits until age 65.
- All Other Employees: Pay 100% of the premium for the coverage elected.

The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50.

Employees Covered By Benefit Terms

As of July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	12
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>261</u>
	<u><u>273</u></u>

Total OPEB Liability

The District’s total OPEB liability of \$7,920,238 was measured as of June 30, 2021 and was determined by a rollforward of the actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs for OPEB

The total OPEB liability in the July 1, 2020 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

Salary increases	2.00%
Discount rate	2.16%
Healthcare cost trend rates	1.87% for the initial year increasing to 7.00% then decreasing to an ultimate rate of 4.04% for 2089 and later years.

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of June 30, 2021.

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2021 (Base Rate 2006).

The following assumptions were changed in the current year:

- Reduced discount rate from 3.50% to 2.16%.
- Mortality assumptions changed from SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Rate 2006) to SOA RP-2014 Total Dataset Mortality with Scale MP-2021 (Base Rate 2006).
- Retirement and termination assumptions were updated to reflect the most recent tables from NHRS as of June 30, 2019.
- The marital assumption was changed to 100% and the election rate for spouses was changed to 60%.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 6,023,045
Changes for the year:	
Service cost	362,919
Interest	164,118
Differences between expected and actual experience	(645,826)
Changes in assumptions or other inputs	2,425,674
Benefit payments	(409,692)
Net changes	<u>1,897,193</u>
Balance at June 30, 2021	<u>\$ 7,920,238</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>(1.16%)</u>	<u>(2.16%)</u>	<u>(3.16%)</u>
Total OPEB liability	\$ 8,428,020	\$ 7,920,238	\$ 7,417,161

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the District, calculated using the healthcare cost trend rate starting at 1.87%, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Healthcare Cost Trend Rate		
	<u>1% Decrease</u>	<u>Baseline</u>	<u>1% Increase</u>
Total OPEB liability	\$ 7,100,864	\$ 7,920,238	\$ 8,857,497

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$763,813. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$ 1,243,087
Changes of assumptions	\$ 2,607,969	
Totals	<u>\$ 2,607,969</u>	<u>\$ 1,243,087</u>

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

<u>June 30,</u>	
2022	\$ 236,776
2023	236,776
2024	286,253
2025	288,924
2026	316,153
	<u>\$ 1,364,882</u>

NOTE 6—DEFINED BENEFIT PENSION PLAN

Plan Description

The District contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

**SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

For the Year Ended June 30, 2021

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

Benefits Provided

Benefit formulas and eligibility requirements for the pension plan are set by State law (RSA 100-A).

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012 the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

<u>Years of Creditable Service as of January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

Funding Policy

Plan members are required to contribute 7.0% of their covered salary and the District is required to contribute at an actuarially determined rate. The District's contribution rates for the covered payroll of teachers and employees were 15.99% and 10.88%, respectively. The District contributes 100% of the employer cost for teachers and general employees of the District.

Per RSA-100-A:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. Contributions to the pension plan for the District were \$2,274,252 for the year ended June 30, 2021.

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

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

At June 30, 2021, the District reported a liability of \$21,938,884 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2020. The District's proportion of the net pension liability was based on actual contributions by the District during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2021, the District's proportion was approximately 0.4950 percent, which was a decrease of 0.0310 percentage points from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$1,332,280. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 614,321	\$ 229,685
Changes of assumptions	2,291,393	
Net difference between projected and actual earnings on pension plan investments		6,135,803
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>565,723</u>	<u>1,424,487</u>
Totals	<u>\$ 3,471,437</u>	<u>\$ 7,789,975</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions is reflected as a decrease to unrestricted net position in the amount of \$4,318,538. Amounts reported as deferred outflows of resources and inflows of resources related to pensions will be recognized in pension expense in the measurement periods as follows:

<u>June 30,</u>	
2022	\$ (657,806)
2023	(652,987)
2024	(723,242)
2025	<u>(2,284,503)</u>
	<u><u>\$(4,318,538)</u></u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2020, using the following actuarial assumptions:

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic equity	30%	1.14-6.46%
International equity	20%	2.37-5.53%
Fixed income	25%	3.60%
Alternative investments	15%	7.25-8.85%
Real estate	10%	6.60%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the District's proportionate share of the net pension liability

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
District's proportionate share of the net pension liability	\$ 31,375,115	\$ 21,938,884	\$ 14,067,528

NOTE 7—PROPERTY TAXES

Property taxes levied to support the Sanborn Regional School District are based on the assessed valuation of the prior April 1st for all taxable real property.

Under state statutes, the Towns of Kingston and Newton, New Hampshire (both independent governmental units) collect School District taxes and State of New Hampshire Education taxes as part of local property tax assessments. As collection agents, the Towns are required to pay over to the District their share of property tax assessments through periodic payments based on cash flow requirements of the District. The Towns assume financial responsibility for all uncollected property taxes under state statutes. For the year ended June 30, 2021, School District taxes were \$21,800,486 and State of New Hampshire Education taxes were \$2,701,738.

The District is entitled to receive monies under the established payment schedule and the unpaid amount at the fiscal year end, if any, is considered to be an “accounts receivable” since the revenue is both measurable and available.

NOTE 8—OPERATING LEASE

In July 2020, the District entered into a 5 year lease with a local not-for-profit entity for the use of certain portions of land and building located at the property formerly known as the Sanborn Regional Middle School. The term of the lease extends to June 30, 2025. Additionally, the tenant has a single option to renew for an additional 5 year term. The annual base rent is \$140,000, payable to the District on a monthly basis, and adjusted annually beginning July 1, 2023, by the percentage change in the Consumer Price index during the immediately preceding lease year.

The minimum future rental payments to be received by the District for the lease of this space are as follows:

Year Ending	
<u>June 30.</u>	<u>Principal</u>
2022	\$ 140,000
2023	140,000
2024	140,000
2025	140,000
	<u>\$ 560,000</u>

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

NOTE 9—INTERFUND BALANCES

The District has combined the cash resources of its governmental and fiduciary funds. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at June 30, 2021 are as follows:

		General Fund	Due from Grants Fund	Totals
Due to	General Fund		\$ 115,230	\$ 115,230
	Nonmajor Governmental Funds	\$ 230,126		230,126
	Fiduciary Fund	43,597		43,597
		<u>\$ 273,723</u>	<u>\$ 115,230</u>	<u>\$ 388,953</u>

NOTE 10—RESTRICTED NET POSITION

Net position of governmental activities at June 30, 2021 is restricted for specific purposes as follows:

Private grants and donations	\$ 46,414
Food Service operations	<u>8,116</u>
	<u>\$ 54,530</u>

NOTE 11—COMPONENTS OF FUND BALANCE

The components of the District's fund balance for its governmental funds at June 30, 2021 are as follows:

<u>Fund Balances</u>	General <u>Fund</u>	Grants <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Nonspendable:				
Prepaid items	\$ 131,747			\$ 131,747
Restricted for:				
Private grants and donations		\$ 46,414		46,414
Food service operations			\$ 8,116	8,116
Committed for:				
Expendable trusts	614,459			614,459
Subsequent year expenditures	100,000			100,000
Facilities revolving Fund			171,433	171,433
Before and after school fund			23,664	23,664
Assigned for:				
Student activity funds			213,715	213,715
Encumbrances	492,408			492,408
Fund balance retention	545,012			545,012
Unassigned	<u>2,274,773</u>			<u>2,274,773</u>
	<u>\$ 4,158,399</u>	<u>\$ 46,414</u>	<u>\$ 416,928</u>	<u>\$ 4,621,741</u>

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

NOTE 12—RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2021, the District was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at June 30, 2021.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member school districts, school administrative units, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the District shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$500,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member school districts, school administrative units, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 13—CONTINGENT LIABILITIES

Federal Grants

The District participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Litigation

There are various claims and suits pending against the District, which arise in the normal course of the District's activities. In the opinion of District management, any potential claims against the District, which are not covered by insurance are immaterial and would not affect the financial position of the District.

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2021

NOTE 14— IMPLEMENTATION OF FUTURE ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, which the District is required to implement in the year ending June 30 2022. Management believes that this pronouncement will have an impact on the District's government-wide financial statements. The District will be required to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognize inflows of resources or outflows of resources based on the payment provisions of the contract.

SCHEDULE 1
SANBORN REGIONAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 24,502,224	\$ 24,502,224	\$ 24,502,224	\$ -
Intergovernmental	4,004,986	4,004,986	4,275,671	270,685
Tuition	4,200,000	4,200,000	4,083,750	(116,250)
Interest income	25,000	25,000	6,735	(18,265)
Miscellaneous	95,206	95,206	191,828	96,622
Total Revenues	<u>32,827,416</u>	<u>32,827,416</u>	<u>33,060,208</u>	<u>232,792</u>
Expenditures:				
Current operations:				
Instruction	20,696,702	20,696,702	18,099,591	2,597,111
Supporting services	3,217,205	3,217,205	3,023,839	193,366
General administration	3,492,774	3,492,774	3,720,450	(227,676)
Operation and maintenance of plant	3,085,937	3,085,937	3,460,372	(374,435)
Pupil transportation	1,427,993	1,427,993	1,252,422	175,571
Centralized services	911,990	911,990	1,149,639	(237,649)
Debt service:				
Principal retirement	1,058,291	1,058,291	1,058,291	-
Interest and fiscal charges	1,241,879	1,241,879	1,241,879	-
Total Expenditures	<u>35,132,771</u>	<u>35,132,771</u>	<u>33,006,483</u>	<u>2,126,288</u>
Excess of revenues over (under) expenditures	<u>(2,305,355)</u>	<u>(2,305,355)</u>	<u>53,725</u>	<u>2,359,080</u>
Other financing sources (uses):				
Transfers out	<u>(125,000)</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
Total Other financing sources (uses)	<u>(125,000)</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
Net change in fund balance	(2,430,355)	(2,430,355)	(71,275)	2,359,080
Fund Balance at beginning of year				
- Budgetary Basis	<u>3,122,807</u>	<u>3,122,807</u>	<u>3,122,807</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 692,452</u>	<u>\$ 692,452</u>	<u>\$ 3,051,532</u>	<u>\$ 2,359,080</u>

See accompanying notes to the required supplementary information

SCHEDULE 2
SANBORN REGIONAL SCHOOL DISTRICT
Schedule of Changes in the District's Proportionate Share of the Net OPEB Liability
For the Year Ended June 30, 2021

<u>Measurement Period Ended</u>	Cost-Sharing Multiple Employer Plan Information Only				
	<u>District's Proportion of the Net OPEB Liability</u>	<u>District's Proportionate Share of the Net OPEB Liability</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2021	0.46274989%	\$ 1,853,114	\$ 15,412,934	12.02%	11.06%
June 30, 2020	0.49086325%	\$ 2,148,553	\$ 15,856,606	13.55%	7.74%
June 30, 2019	0.43904422%	\$ 1,924,813	\$ 15,309,009	12.57%	7.75%
June 30, 2018	0.44937513%	\$ 2,057,445	\$ 15,037,771	13.68%	7.50%
June 30, 2017	0.58795093%	\$ 2,688,311	\$ 14,939,773	17.99%	7.91%
June 30, 2016	0.61384594%	\$ 2,971,660	\$ 14,358,222	20.70%	5.21%

<u>Measurement Periods</u>	Significant Actuarial Assumptions				
	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2020 - 2021	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015
June 30, 2013 - 2015	3.00%	3.75-5.80%	7.75%	RP-2000	Scale AA

See accompanying notes to the required supplementary information

SCHEDULE 3
SANBORN REGIONAL SCHOOL DISTRICT
Schedule of District OPEB Contributions
For the Year Ended June 30, 2021

Cost-Sharing Multiple Employer Plan Information Only						
<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>	
June 30, 2021	\$ 222,375	\$ (222,375)	\$ -	\$ 15,412,934	1.44%	
June 30, 2020	\$ 227,845	\$ (227,845)	\$ -	\$ 15,856,606	1.44%	
June 30, 2019	\$ 200,362	\$ (200,362)	\$ -	\$ 15,309,009	1.31%	
June 30, 2018	\$ 198,510	\$ (198,510)	\$ -	\$ 15,037,771	1.32%	
June 30, 2017	\$ 348,477	\$ (348,477)	\$ -	\$ 14,939,773	2.33%	
June 30, 2016	\$ 330,574	\$ (330,574)	\$ -	\$ 14,358,222	2.30%	

See accompanying notes to the required supplementary information

SCHEDULE 4
SANBORN REGIONAL SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2021

<u>Single Employer Plan Information Only</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:					
Service cost	\$ 362,919	\$ 271,025	\$ 261,860	\$ 350,811	\$ 343,932
Interest	164,118	203,027	204,047	159,382	155,350
Differences between expected and actual experience	(645,826)	-	(625,339)	(30,112)	(2,309)
Changes of assumptions or other inputs	2,425,674	-	812,324	-	-
Benefit payments	<u>(409,692)</u>	<u>(503,569)</u>	<u>(486,540)</u>	<u>(372,462)</u>	<u>(338,545)</u>
Net changes	1,897,193	(29,517)	166,352	107,619	158,428
Total OPEB Liability at beginning of year	<u>6,023,045</u>	<u>6,052,562</u>	<u>5,886,210</u>	<u>5,778,591</u>	<u>5,620,163</u>
Total OPEB Liability at end of year	<u>\$ 7,920,238</u>	<u>\$ 6,023,045</u>	<u>\$ 6,052,562</u>	<u>\$ 5,886,210</u>	<u>\$ 5,778,591</u>
Covered employee payroll	\$ 14,111,984	\$ 13,874,285	\$ 13,602,240	\$ 16,602,561	\$ 16,277,021
Total OPEB Liability as a percentage of covered employee payroll	56.12%	43.41%	44.50%	35.45%	35.50%
<u>Significant Actuarial Assumptions</u>					
Discount rate	2.16%	3.50%	3.50%	2.85%	2.85%
Health cost trend rates:					
Initial	1.87% - 2021	9.5% - 2019	9.5% - 2019	5.82% - 2017	5.82% - 2017
Ultimate	4.04% - 2089	5.0% - 2026	5.0% - 2026	5.0% - 2027	5.0% - 2027
Mortality data set	SOA RP-2014	SOA RP-2014	SOA RP-2014	RP-2000	RP-2000
Mortality improvement scale	MP-2021	MP-2018	MP-2018	Scale AA	Scale AA

See accompanying notes to the required supplementary information

SCHEDULE 5

SANBORN REGIONAL SCHOOL DISTRICT

Schedule of Changes in the District's Proportionate Share of the Net Pension Liability

For the Year Ended June 30, 2021

<u>Measurement Period Ended</u>	<u>District's Proportion of the Net Pension Liability</u>	<u>District's Proportionate Share of the Net Pension Liability</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2021	0.49501995%	\$ 21,938,884	\$ 15,412,934	142.34%	72.22%
June 30, 2020	0.52597163%	\$ 33,641,940	\$ 15,856,606	212.16%	58.72%
June 30, 2019	0.51033245%	\$ 24,555,435	\$ 15,309,009	160.40%	65.59%
June 30, 2018	0.51788930%	\$ 24,937,418	\$ 15,037,771	165.83%	64.73%
June 30, 2017	0.50099176%	\$ 24,638,739	\$ 14,939,773	164.92%	62.66%
June 30, 2016	0.52318724%	\$ 27,820,980	\$ 14,358,222	193.76%	58.30%
June 30, 2015	0.51600614%	\$ 20,441,723	\$ 14,930,013	136.92%	65.47%
June 30, 2014	0.50884388%	\$ 19,099,891	\$ 14,230,942	134.21%	66.32%
June 30, 2013	0.49614063%	\$ 21,352,823	\$ 13,906,873	153.54%	59.81%

Significant Actuarial Assumptions

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2020 - 2021	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015
June 30, 2013 - 2015	3.00%	3.75-5.80%	7.75%	RP-2000	Scale AA

See accompanying notes to the required supplementary information

SCHEDULE 6
SANBORN REGIONAL SCHOOL DISTRICT
Schedule of District Pension Contributions
For the Year Ended June 30, 2021

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2021	\$ 2,274,252	\$ (2,274,252)	\$ -	\$ 15,412,934	14.76%
June 30, 2020	\$ 2,336,587	\$ (2,336,587)	\$ -	\$ 15,856,606	14.74%
June 30, 2019	\$ 2,220,873	\$ (2,220,873)	\$ -	\$ 15,309,009	14.51%
June 30, 2018	\$ 2,187,770	\$ (2,187,770)	\$ -	\$ 15,037,771	14.55%
June 30, 2017	\$ 1,835,348	\$ (1,835,348)	\$ -	\$ 14,939,773	12.28%
June 30, 2016	\$ 1,760,847	\$ (1,760,847)	\$ -	\$ 14,358,222	12.26%
June 30, 2015	\$ 1,731,149	\$ (1,731,149)	\$ -	\$ 14,930,013	11.60%
June 30, 2014	\$ 1,651,234	\$ (1,651,234)	\$ -	\$ 14,230,942	11.60%
June 30, 2013	\$ 1,233,806	\$ (1,233,806)	\$ -	\$ 13,906,873	8.87%

See accompanying notes to the required supplementary information

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

General Fund

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the District. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). General Fund budgetary revenues were adjusted for non-budgetary activity. General Fund budgetary expenditures and other financing uses were adjusted for encumbrances and budgetary transfers.

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 33,060,577	\$ 32,514,075
Encumbrances - June 30, 2021		492,408
Budgetary transfers		125,000
Non-budgetary activity	(369)	
Per Schedule 1	<u>\$ 33,060,208</u>	<u>\$ 33,131,483</u>

Major Special Revenue Fund

The District adopts its budgets under regulations of the New Hampshire Departments of Education and Revenue Administration which differ from accounting principles generally accepted in the United States of America. Consequently, budgetary information is not presented for the Grants Fund as the information is neither practical nor meaningful.

NOTE 2—GENERAL FUND BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at June 30, 2021 are as follows:

Nonspendable:	
Prepaid items	\$ 131,747
Committed for:	
Subsequent year expenditures	100,000
Assigned for:	
Fund balance retention	545,012
Unassigned	<u>2,274,773</u>
	<u>\$ 3,051,532</u>

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
For the Year Ended June 30, 2021

NOTE 3—SCHEDULE OF CHANGES IN THE DISTRICT’S PROPORTIONATE SHARE OF NET OPEB LIABILITY AND SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS

In accordance with GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District is required to disclose historical information for each of the prior ten years within a schedule of changes in the District’s proportionate share of the net OPEB liability, and schedule of District OPEB contributions. The District implemented the provisions of GASB Statement #75 during the year ended June 30, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

NOTE 4—SCHEDULE OF CHANGES IN THE DISTRICT’S TOTAL OPEB LIABILITY AND RELATED RATIOS

In accordance with GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District is required to disclose historical information for each of the prior ten years within a schedule of changes in the District’s total OPEB liability and related ratios. The District implemented the provisions of GASB Statement #75 during the year ended June 30, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

NOTE 5—SCHEDULE OF CHANGES IN THE DISTRICT’S PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS

In accordance with GASB Statement #68, *Accounting and Financial Reporting for Pensions*, the District is required to disclose historical information for each of the prior ten years within a schedule of changes in the district’s proportionate share of the net pension liability, and schedule of district pension contributions. The District implemented the provisions of GASB Statement #68 during the year ended June 30, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as the information becomes available.

SCHEDULE I
SANBORN REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Assistance Listing Number	<u>Expenditures</u>
DEPARTMENT OF AGRICULTURE		
Pass Through Payments from New Hampshire		
Department of Education		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 110,293
National School Lunch Program	10.555	
- School Lunch		372,882
- Commodities		46,760
		<u>419,642</u>
Total Child Nutrition Cluster		<u>529,935</u>
Total Department of Agriculture		<u>529,935</u>
DEPARTMENT OF THE TREASURY		
Pass Through Payments from New Hampshire		
Department of Education		
COVID-19 - Coronavirus Relief Fund	21.019	<u>575,349</u>
Total Department of the Treasury		<u>575,349</u>
DEPARTMENT OF EDUCATION		
Pass Through Payments from New Hampshire		
Department of Education		
Title I Grants to Local Educational Agencies	84.010	
#20200243		2,024
#20210994		125,613
		<u>127,637</u>
Special Education Cluster (IDEA) :		
Special Education - Grants to States	84.027	
#92551		19,141
#202540		10,972
#20211190		261,682
		<u>291,795</u>
Special Education - Preschool Grants	84.173	
#92551		56
#202540		7,980
#202645		1,532
#20211190		1,338
		<u>10,906</u>
Total Special Education Cluster (IDEA)		<u>302,701</u>
Supporting Effective Instruction State Grants	84.367	
#20190169		1,878
#20200169		32,463
#20211129		21,478
		<u>55,819</u>
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425D	
COVID-19 - #20200837		<u>116,030</u>
Total Department of Education		<u>602,187</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Pass Through Payments from New Hampshire		
Department of Health and Human Services		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	
#SS-2019-DBAS-02-STUDE-10		<u>37,346</u>
Total Department of Health and Human Services		<u>37,346</u>
Total Expenditures of Federal Awards		<u>\$ 1,744,817</u>

See notes to schedule of expenditures of federal awards

**SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2021

NOTE 1—BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Sanborn Regional School District (the “District”) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

NOTE 3—INDIRECT COST RATE

Sanborn Regional School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4—RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The recognition of expenditures of federal awards on the Schedule pertaining to the Coronavirus Relief Fund federal grant program includes \$115,919 of eligible expenditures which occurred in the prior year.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

To the School Board
Sanborn Regional School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sanborn Regional School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Sanborn Regional School District's basic financial statements, and have issued our report thereon dated March 30, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sanborn Regional School District'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 Sanborn Regional School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Sanborn Regional School District'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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanborn Regional School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vachon Clukay & Company PC

Manchester, New Hampshire
March 30, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the School Board
Sanborn Regional School District

Report on Compliance for Each Major Federal Program

We have audited Sanborn Regional School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sanborn Regional School District's major federal programs for the year ended June 30, 2021. Sanborn Regional School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sanborn Regional School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sanborn Regional School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Sanborn Regional School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Sanborn Regional School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Sanborn Regional School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sanborn Regional School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sanborn Regional School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vachon Clukay & Company PC

Manchester, New Hampshire
March 30, 2022

**Sanborn Regional School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified – all reporting units

Internal control over financial reporting:
 Material weakness(es) identified? _____yes X no
 Significant deficiency(ies) identified _____yes X none reported
 Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major federal programs:
 Material weakness(es) identified? _____yes X no
 Significant deficiency(ies) identified _____yes X none reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____yes X no

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
10.553 & 10.555	Child Nutrition Cluster
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____yes X no

Section II—Financial Statement Findings

There were no findings relating to the financial statements required to be reported by GAGAS.

Section III—Federal Award Findings and Questioned Costs

There were no findings and questioned costs as defined under 2 CFR 200.516(a).

SCHEDULE A
SANBORN REGIONAL SCHOOL DISTRICT
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
June 30, 2021

	Facilities Revolving Fund	Food Service Fund	Student Activities Fund	Before and After School Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and cash equivalents			\$ 213,715		\$ 213,715
Accounts receivable	\$ 16,789	\$ 13,788			30,577
Due from other governments		44,042			44,042
Due from other funds	164,839	36,529		\$ 28,758	230,126
Total Assets	<u>181,628</u>	<u>94,359</u>	<u>213,715</u>	<u>28,758</u>	<u>518,460</u>
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 181,628</u>	<u>\$ 94,359</u>	<u>\$ 213,715</u>	<u>\$ 28,758</u>	<u>\$ 518,460</u>
LIABILITIES					
Accounts payable	\$ 10,195	\$ 64,367		\$ 5,094	\$ 79,656
Unearned food service sales		21,876			21,876
Total Liabilities	<u>10,195</u>	<u>86,243</u>	<u>\$ -</u>	<u>5,094</u>	<u>101,532</u>
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted		8,116			8,116
Committed	171,433			23,664	195,097
Assigned			213,715		213,715
Total Fund Balances	<u>171,433</u>	<u>8,116</u>	<u>213,715</u>	<u>23,664</u>	<u>416,928</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 181,628</u>	<u>\$ 94,359</u>	<u>\$ 213,715</u>	<u>\$ 28,758</u>	<u>\$ 518,460</u>

SCHEDULE B
SANBORN REGIONAL SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended June 30, 2021

	<u>Facilities Revolving Fund</u>	<u>Food Service Fund</u>	<u>Student Activities Fund</u>	<u>Before and After School Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues:					
Intergovernmental		\$ 583,627			\$ 583,627
Charges for services		39,753			39,753
Miscellaneous	\$ 182,463		\$ 35,231	\$ 29,188	246,882
Total Revenues	<u>182,463</u>	<u>623,380</u>	<u>35,231</u>	<u>29,188</u>	<u>870,262</u>
Expenditures:					
Current operations:					
Instruction	46,916		31,667	5,524	84,107
Operation and maintenance of plant	88,168				88,168
Food service		650,040			650,040
Total Expenditures	<u>135,084</u>	<u>650,040</u>	<u>31,667</u>	<u>5,524</u>	<u>822,315</u>
Net change in fund balances	47,379	(26,660)	3,564	23,664	47,947
Fund Balances at beginning of year	<u>124,054</u>	<u>34,776</u>	<u>210,151</u>	<u>-</u>	<u>368,981</u>
Fund Balances at end of year	<u>\$ 171,433</u>	<u>\$ 8,116</u>	<u>\$ 213,715</u>	<u>\$ 23,664</u>	<u>\$ 416,928</u>