

SANBORN REGIONAL SCHOOL DISTRICT

ANNUAL FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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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, 2019, 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. 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, 2019, 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 4-9 and 43-48 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 the Sanborn Regional School District's basic financial statements. The 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 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 combining nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Vashon Clukay & Company PC

Manchester, New Hampshire
October 5, 2020

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, 2019. 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 resources of the District exceeded its liabilities and deferred inflows at the close of the most recent year by \$(7,659,046) (*net position*). Of this amount, \$(32,752,074) (*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 \$(1,957,940).
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,662,782, a change of \$76,166 in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$913,508, and is *available for spending* at the Annual District Meeting's discretion.
- The District's total bonded debt changed by \$1,168,168 during the current fiscal year. This change represents net repayment of principal debt service. The District entered into two lease agreements totaling \$61,930, with annual repayments through fiscal year 2024.
- At year end, the District reported a net pension liability of \$24,555,435 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 \$(7,659,046) (*net position*) at the close of the most recent fiscal year.

The largest portion of the District's net position, \$24,537,371, 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	
	2019	2018
Current and other assets	\$ 3,093,512	\$ 2,884,996
Capital assets	30,970,220	31,602,962
Total assets	34,063,732	34,487,958
Deferred outflows of resources	2,555,432	5,450,326
Long-term liabilities outstanding	40,451,014	42,775,761
Other liabilities	1,183,364	1,040,809
Total liabilities	41,634,378	43,816,570
Deferred inflows of resources	2,643,832	1,990,389
Net position:		
Net investment in capital assets	24,537,371	23,784,669
Restricted	789,810	106,933
Unrestricted	(32,986,227)	(29,760,277)
Total net position	\$ (7,659,046)	\$ (5,868,675)

Sanborn Regional School District's Condensed Statement of Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for service	\$ 493,717	\$ 4,271,101
Operating grants and contributions	1,540,746	1,935,075
General revenues	32,386,645	27,856,945
Total revenues	34,421,108	34,063,121
Expenses:		
Instruction	19,042,663	19,729,661
Support services	5,163,426	3,899,755
Administration	3,575,596	3,264,777
Operation and maintenance	4,405,445	3,132,569

Sanborn Regional School District's Condensed Statement of Net Position

	Governmental Activities	
	2019	2018
Transportation	1,271,324	1,347,013
Central	1,785,863	901,406
Interest expense	1,134,731	1,067,136
Total expenses	<u>36,379,048</u>	<u>33,342,317</u>
Change in net position	(1,957,940)	720,804
Net position - Beginning of year, as adjusted*	<u>(5,701,106)</u>	<u>(6,589,479)</u>
Net position - End of year	\$ <u>(7,659,046)</u>	\$ <u>(5,868,675)</u>

Note: Beginning net position for the current year has been adjusted to reflect changes in lease payable and other GAAP adjustments. See footnote 19 - Restatement for more information.

An additional portion of the District's net position (\$789,810) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$(32,986,227)), 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 \$(1,957,940). Key elements of this change are as follows:

Governmental Activities:	
General Fund	\$ 89,433
School Food Service – Major Fund	17,476
Nonmajor Funds	(30,743)
Depreciation expense, net of capital asset purchases	(568,233)
Financial resources, such as grant revenue, met the revenue recognition criteria	35,732
Repayment of long-term debt, net of bond premium amortization	1,218,594
Change in net pension obligation, net of deferred resources	(4,091,425)
Other GAAP accruals	<u>1,371,226</u>
Total	\$ <u>(1,957,940)</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 \$2,662,782, which is a change of \$76,166 in comparison with the prior year. Key elements of this change are as follows:

Governmental Activities:	
General Fund	\$ 89,433
School Food Service	17,476
Nonmajor Funds	<u>(30,743)</u>
Total	<u>\$ 76,166</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 \$913,508, while the total fund balance was \$2,352,105. 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 2.78 percent of total general fund expenditures, while total fund balance represents 7.17 percent of that same amount.

As noted above, total fund balance of the general fund changed by \$76,166 during the current fiscal year. Key elements of this change are as follows:

Revenue greater than budget	\$ 547,929
Expenditures less than budget	918,289
Use of fund balance as a funding source	(1,504,483)
Change in encumbrances	133,043
Other	<u>(18,612)</u>
Total	<u>\$ 76,166</u>

5. **General Fund Budgetary Highlights**

The District received State aid in excess of revenue by \$13,536. Medicaid revenue exceeded the revenue budget by \$62,006. Tuition revenue exceeded budget by \$250,416. The District did not spend \$918,289 of its general fund appropriations. At year end, \$913,508 was available to reduce the tax rate in the subsequent year, while \$100,000 was committed by District Meeting for capital reserve and expendable trust funds.

6. **Capital Asset and Debt Administration**

Capital Assets. The District's investment in capital assets, as of June 30, 2019, amounted to \$30,970,220 (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:	
Shop equipment	\$ 16,400
Ice machine	9,325
Meeting recording system	7,037
New roof – Swasey Gym	159,000
Motorola base radio	17,583
Chevrolet truck with dump body	53,844
High School track equipment shed	7,000
Depreciation	(798,822)

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

7. 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.

SANBORN REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS:	
Current:	
Cash and short-term investments	\$ 1,218,448
Receivables, net of allowance for uncollectible:	
Intergovernmental	1,503,941
Other	238,623
Other assets	132,500
Noncurrent:	
Capital assets:	
Land and construction in progress	1,101,127
Other capital assets, net of accumulated depreciation	29,869,093
TOTAL ASSETS	34,063,732
DEFERRED OUTFLOWS OF RESSOURCES	2,555,432
LIABILITIES	
Current:	
Accounts payable	268,789
Accrued liabilities	839,484
Other liabilities	34,674
Internal balances	40,417
Current portion of long-term liabilities:	
Bonds payable	1,183,475
Other liabilities	337,259
Noncurrent:	
Bonds payable, net of current portion	5,246,956
Other liabilities, net of current portion	9,127,889
Net pension liability	24,555,435
TOTAL LIABILITIES	41,634,378
DEFERRED INFLOWS OF RESOURCES	2,643,832
NET POSITION	
Net investment in capital assets	24,537,371
Restricted for:	
Grants and other statutory restrictions	789,810
Unrestricted	(32,986,227)
TOTAL NET POSITION	\$ (7,659,046)

The accompanying notes are an integral part of these financial statements.

SANBORN REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 19,042,663	\$ 13,319	\$ 1,273,990	\$ -	\$ (17,755,354)
Support services	5,163,426	480,398	211,261	-	(4,471,767)
Administration	3,575,596	-	-	-	(3,575,596)
Operation and maintenance	4,405,445	-	26,400	-	(4,379,045)
Transportation	1,271,324	-	29,095	-	(1,242,229)
Central	1,785,863	-	-	-	(1,785,863)
Interest expense	1,134,731	-	-	-	(1,134,731)
Total Governmental Activities	\$ 36,379,048	\$ 493,717	\$ 1,540,746	\$ -	(34,344,585)
		General Revenues:			
					21,372,712
					4,349,871
					6,437,442
					226,620
					32,386,645
					(1,957,940)
		Net position:			
					(5,701,106)
					\$ (7,659,046)

The accompanying notes are an integral part of these financial statements.

SANBORN REGIONAL SCHOOL DISTRICT

RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2019

Total governmental fund balances	\$ 2,662,782
<ul style="list-style-type: none"> ● Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 	30,970,220
<ul style="list-style-type: none"> ● Revenues and expenses are reported on the accrual basis of accounting and are not deferred until collected. 	(52,665)
<ul style="list-style-type: none"> ● In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 	(788,369)
<ul style="list-style-type: none"> ● Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds <ul style="list-style-type: none"> - Bond payable - Bond premium - Lease payable - Compensated absences - Net pension liability - OPEB liability 	(5,923,886) (506,545) (61,930) (1,425,837) (24,555,435) <u>(7,977,381)</u>
Net position of governmental activities	\$ <u><u>(7,659,046)</u></u>

The accompanying notes are an integral part of these financial statements.

SANBORN REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General	Grant Fund	School Food Service	Nonmajor Govern- mental Funds	Total Govern- mental Funds
ASSETS					
Cash and short-term investments	\$ 1,218,448	\$ -	\$ -	\$ -	\$ 1,218,448
Receivables:					
Intergovernmental	1,477,860		26,081	-	1,503,941
Other	27,528	180,126	16,707	14,263	238,624
Due from other funds	105,056	-	118,346	193,710	417,112
Other assets	132,498	-	-	-	132,498
TOTAL ASSETS	\$ 2,961,390	\$ 180,126	\$ 161,134	\$ 207,973	\$ 3,510,623
LIABILITIES					
Accounts payable	\$ 174,649	\$ -	\$ 94,139	\$ -	\$ 268,788
Accrued liabilities	51,116	-	-	-	51,116
Due to other funds	352,473	105,056	-	-	457,529
Other Liabilities	31,047	-	3,626	-	34,673
TOTAL LIABILITIES	609,285	105,056	97,765	-	812,106
DEFERRED INFLOW OF RESOURCES					
	-	35,735	-	-	35,735
FUND BALANCE					
Nonspendable	132,498	-	-	-	132,498
Restricted	-	39,335	63,369	-	102,704
Committed	482,979	-	-	207,973	690,952
Assigned	823,120	-	-	-	823,120
Unassigned	913,508	-	-	-	913,508
TOTAL FUND BALANCES	2,352,105	39,335	63,369	207,973	2,662,782
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
	\$ 2,961,390	\$ 180,126	\$ 161,134	\$ 207,973	\$ 3,510,623

The accompanying notes are an integral part of these financial statements.

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, 2019

Net changes in fund balances - total governmental funds	\$	76,166
<ul style="list-style-type: none"> ● Governmental funds reported capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense: <ul style="list-style-type: none"> - Depreciation (798,822) - Capital asset purchase, net of disposals 230,589 ● Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in deferred inflows. 35,732 ● In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. (45,940) ● The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, changes in other non-current assets and liabilities are not current resources or uses of resources and are not reported in governmental funds: <ul style="list-style-type: none"> - Bond payable, net of premium amortization 1,218,594 - Change in other post-employment benefits, net of deferred inflow/outflow of resources 1,232,936 - Change in compensated absences 184,229 		
<p>Net pension liability affects financial resources when accrued:</p> <ul style="list-style-type: none"> - Change in net pension liability, net of deferred inflow/outflow of resources (4,091,424) 		
Net position of governmental activities	\$	<u><u>(1,957,940)</u></u>

The accompanying notes are an integral part of these financial statements.

SANBORN REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	General	Grant Fund	School Food Service	Nonmajor Govern- mental Funds	Total Govern- mental Funds
Revenues:					
Town assessments	\$ 21,372,712	\$ -	\$ -	\$ -	\$ 21,372,712
Intergovernmental	6,955,432	807,142	186,129	-	7,948,703
Tuition	4,363,190	-	-	-	4,363,190
Charges for service	-	-	480,398	-	480,398
Miscellaneous	235,263	-	-	20,841	256,104
Total Revenues	<u>32,926,597</u>	<u>807,142</u>	<u>666,527</u>	<u>20,841</u>	<u>34,421,107</u>
Expenditures:					
Current					
Instruction	18,278,460	661,153	-	10,052	18,949,665
Support services	3,206,076	107,823	679,051	-	3,992,950
Administration	3,657,514	-	-	-	3,657,514
Operation and maintenance	3,296,158	34,085	-	41,532	3,371,775
Transportation	1,267,243	4,081	-	-	1,271,324
Central	794,327	-	-	-	794,327
Debt service:					
Principal	1,168,168	-	-	-	1,168,168
Interest	1,139,218	-	-	-	1,139,218
Total Expenditures	<u>32,807,164</u>	<u>807,142</u>	<u>679,051</u>	<u>51,584</u>	<u>34,344,941</u>
Excess (deficiency) of revenues over expenditures	119,433	-	(12,524)	(30,743)	76,166
Other Financing Sources (Uses):					
Transfers in	-	-	30,000	-	30,000
Transfers out	(30,000)	-	-	-	(30,000)
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	89,433	-	17,476	(30,743)	76,166
Fund Balance, at Beginning of Year	2,262,672	39,335	45,893	238,716	2,586,616
Fund Balance, at End of Year	<u>\$ 2,352,105</u>	<u>\$ 39,335</u>	<u>\$ 63,369</u>	<u>\$ 207,973</u>	<u>\$ 2,662,782</u>

The accompanying notes are an integral part of these financial statements.

SANBORN REGIONAL SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2019

	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and short-term investments	\$ -	\$ 194,804
Cash held by Trustees of Trust Funds	-	-
Due from other funds	<u>40,417</u>	<u>-</u>
TOTAL ASSETS	40,417	194,804
LIABILITIES		
Other Liabilities	<u>-</u>	<u>194,804</u>
TOTAL LIABILITIES	<u>-</u>	<u>194,804</u>
NET POSITION		
Total net assets held in trust	\$ <u><u>40,417</u></u>	\$ <u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

SANBORN REGIONAL SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019

	Private Purpose Trust Funds
Additions:	
Investment income (loss)	
Contributions	\$ 25,395
Total Additions	25,395
 Deductions:	
Deductions	24,700
Total deductions	24,700
Total Expenditures	24,700
Net increase (decrease)	695
 Net position:	
Beginning of year	39,722
End of year	\$ 40,417

The accompanying notes are an integral part of these financial statements.

SANBORN REGIONAL SCHOOL DISTRICT
Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Sanborn Regional School District (“District”) conform to accounting principles generally accepted in the United States as applicable to governments. The following is a summary of significant policies.

A. Basis of presentation

The Sanborn Regional School District’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for the state and local governments through its pronouncements (Statements and Interpretations).

B. Reporting Entity

The District is a municipal corporation governed by an elected seven-member School Board. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The concept underlying the definition of the reporting entity is that elected officials are accountable. Management has concluded that there are no component units required to be reported within its reporting entity.

C. Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities to report information about the District as a whole. The statement of net position reports all financial and capital resources. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Tuition and other items not properly included among program revenues are reported instead as general revenues. Gains on the sale of capital assets are reported as general revenues, losses on the sale of capital assets are reported as function/program expenses. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District’s fiduciary funds are Agency and Private Purpose Trust Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Private Purpose Trust Funds involve the measurement of results of operations. Fiduciary funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. All remaining governmental funds are aggregated and presented in a single column as nonmajor funds.

The District reports the following major funds:

- The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The *Grant Fund* is used to account for federal, state, and local grants.
- The *School Food Service Fund* is used to account for the District's food nutrition program, which includes federal and state components.

During the course of operations, the District has activity or transfers of resources between funds for various purposes. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. Any residual balances outstanding at year-end are reported as due from/to other funds. While these transfers and balances are reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60-days of the end of the current fiscal period. An exception to this is federal and state grants collected on a reimbursement basis, which are recognized as revenue when reimbursable expenditures are made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are requirements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

E. Cash and cash equivalents

The District consolidates its deposits and investments that are available for use by all funds, except those required by statute and fiduciary funds. Fiduciary fund's deposits and investments are held separately from the other funds. Interest earnings from consolidated funds are recorded in the general fund.

Pursuant to RSA 41:29(II), the treasurer shall deposit District moneys in the public deposit investment pool (PDIP) established pursuant to RSA 383:22 or in federal insured banks chartered under the laws of New Hampshire or the federal government with a branch within the state, except that funds may be deposited in federally insured banks outside the state if such banks pledge and deliver to a third party custodial bank or the federal reserve bank collateral security for such deposits of the following types: (a) United States government obligations, (b) United States government agency obligations, or (c) Obligations of the state of New Hampshire in value at least equal to the amount of the deposit in each case.

F. Receivables

Accounts receivables represent amounts due from taxpayers, ratepayers, state and federal granting agencies. Allowances are netted with accounts receivable and revenues.

G. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. Interfund Transactions

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds are eliminated in the Statement of Net Positions.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as Interfund transfers. For the purpose of the statement of activities, all Interfund transfers between individual governmental funds have been eliminated.

I. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Purchased capital assets are reported at costs where historical records are available and at estimated historical cost if no historical records exist. Donated assets are recorded at estimated fair value as of the date received. The District has established a threshold of \$5,000 for capitalization of depreciable assets. All acquisitions of land and land improvements are capitalized regardless of cost.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated or amortized using the straight-line method over the following estimated lives:

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

J. Long-term Obligations

In the governmental-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

K. Compensated Absences

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 full value for any accrued general leave earned as set forth by the personnel policy.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available financial resources are maintained separately and represents a reconciling item between the fund and government-wide presentations.

L. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually 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: 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: 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: 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. This classification also includes the remaining positive fund balance for all governmental funds, except for the general fund.
- Unassigned: This classification includes the residual fund balance for the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

M. 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 (System) and additions to/deductions from the System's fiduciary net pension have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

N. Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and revenues and

expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use of recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

In accordance with the budgetary process defined by State Statute, the annual budget for the District’s general and special revenue funds are adopted at the District’s annual District Meeting. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

B. Budget Reconciliation

While the District reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transaction on a basis of cash receipts, disbursements, and encumbrances.

The major differences between the budget basis and GAAP basis are as follows:

<u>General Fund</u>	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Revenue/Expenditures (GAAP basis)	\$ 32,926,597	\$ 32,807,164
Other financing sources/uses (GAAP basis)	-	30,000
	<u>32,926,597</u>	<u>32,837,164</u>
Reverse beginning of year appropriation carryforwards from expenditures	-	(290,077)
Add end-of-year appropriation carryforwards from expenditures	-	423,120
Reverse the effects of capital reserve fund activity, sewer debt service and other adjustments	(8,644)	(13,989)
Recognize the use of fund balance as a funding source	<u>1,504,483</u>	<u>-</u>
Budgetary basis	<u>\$ 34,422,436</u>	<u>\$ 32,956,218</u>

3. Cash

All of the District’s deposits were not covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool. The FDIC currently insures the first \$250,000 of the District’s deposits at each financial institution. Deposit balances over \$250,000 are insured by the collateral pool. As of year-end, the carrying amount of the District’s demand deposit was \$1,437,995 and bank balances totaled \$2,386,225.

The District has a formally adopted deposit and investment policy that limits the government's allowable deposits or investments and addresses the specific types of risks which the government is exposed to.

4. Accounts Receivable

Accounts receivables represent amounts due from other local governments, state and federal granting agencies, and tuition.

5. Other Assets

Other assets represent prepaid expenditures.

6. Capital Assets

The District's capital asset activity for the year ended June 30, 2019 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 38,390,267	\$ 7,000	\$ -	\$ 38,397,267
Machinery, equipment, and vehicles	2,102,936	274,440	(84,719)	2,292,657
Land improvements	<u>436,709</u>	<u>-</u>	<u>-</u>	<u>436,709</u>
Total capital assets, being depreciated	40,929,912	281,440	(84,719)	41,126,633
Less accumulated depreciation for:				
Buildings and improvements	(8,948,472)	(649,858)	-	(9,598,330)
Machinery, equipment, and vehicles	(1,367,917)	(130,358)	84,719	(1,413,556)
Land improvements	<u>(227,048)</u>	<u>(18,606)</u>	<u>-</u>	<u>(245,654)</u>
Total accumulated depreciation	<u>(10,543,437)</u>	<u>(798,822)</u>	<u>84,719</u>	<u>(11,257,540)</u>
Total capital assets, being depreciated, net	30,386,475	(517,382)	-	29,869,093
Capital assets, not being depreciated:				
Land	1,101,127	-	-	1,101,127
Construction in progress	<u>39,600</u>	<u>-</u>	<u>(39,600)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,140,727</u>	<u>-</u>	<u>(39,600)</u>	<u>1,101,127</u>
Governmental activities capital assets, net	<u>\$ 31,527,202</u>	<u>\$ (517,382)</u>	<u>\$ (39,600)</u>	<u>\$ 30,970,220</u>

Depreciation expense is charged to functions as follows:

Governmental Activities:	<u>Amount</u>
Instruction	\$ 562,923
Support services	33,651
General administration	5,217
Operation and maintenance	144,640

Other	52,391
Total depreciation expense	\$ <u>798,822</u>

7. Accounts Payable

Accounts payable represents short-term liabilities to vendors that are due after year-end.

8. Interfund Receivables/Payables

Individual fund receivables/payable balances at June 30, 2019 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds:		
General Fund	\$ 105,056	\$ 352,473
Grants	-	105,056
School Food Service	118,346	-
Nonmajor Governmental Funds	193,710	-
Fiduciary Funds	40,417	-
Total	\$ <u>457,529</u>	\$ <u>457,529</u>

9. Capital Lease Obligations

The Town is the lessee of certain equipment under capital and operating lease expiring in various years through 2024. Future minimum lease payments under the capital and operating lease consisted of the following as of June 30, 2019:

<u>Fiscal Year</u>	<u>Capital Leases</u>
2020	\$ 20,480
2021	20,480
2022	20,480
2023	2,531
2024	<u>2,531</u>
Total minimum lease payments	66,502
Less amounts representing interest	<u>4,572</u>
Present Value of Minimum Lease Payments	\$ <u>61,930</u>

10. Long-term Obligations

A. General Obligation Bonds

The District issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds currently outstanding are as follows:

<u>General Obligation Debt</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 12/31/2018</u>
Governmental Activities:			
2004 High School Construction Bond	08/15/2024	4.54%	\$ <u>5,923,886</u>

General Obligation Debt	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 12/31/2018
Total Governmental Activities:			\$ <u>5,923,886</u>

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2019 are as follows:

Governmental	Principal	Interest	Total
2020	\$ 1,112,322	\$ 1,194,926	\$ 2,307,248
2021	1,058,291	1,241,879	2,300,170
2022	1,008,331	1,293,058	2,301,389
2023	959,842	1,340,547	2,300,389
2024	913,683	1,385,581	2,299,264
2025	<u>871,417</u>	<u>1,440,342</u>	<u>2,311,759</u>
Total	\$ <u>5,923,886</u>	\$ <u>7,896,333</u>	\$ <u>13,820,219</u>

C. Changes in General Long-Term Liabilities

Long-term obligation activity for the year ended June 30, 2019 is as follows:

	06/30/2018 Balance	Additions	Reductions	06/30/2019 Balance	Due Within One Year
<u>Governmental Activities:</u>					
Bonds payable	\$ 7,092,054	\$ -	(1,168,168)	\$ 5,923,886	\$ 1,112,322
Bond premium	556,971	-	(50,426)	506,545	71,153
Net pension obligation	24,937,418	-	(381,983)	24,555,435	-
<u>Other Liabilities:</u>					
Lease payable	-	61,930	-	61,930	20,273
Compensated absences	1,414,745	-	11,092	1,425,837	316,986
Other postemployment benefits	<u>8,903,984</u>	<u>-</u>	<u>(926,603)</u>	<u>7,977,381</u>	<u>-</u>
Total Long-term Obligations	\$ <u>42,905,172</u>	\$ <u>-</u>	\$ <u>(2,516,088)</u>	\$ <u>40,451,014</u>	\$ <u>1,520,734</u>

11. Deferred Outflows of Resources and Deferred Inflows of Resources

For year ended June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources in connection with its property tax revenue, local grants, and pension plan, as follows:

	Governmental Funds	Governmental Activities
Deferred outflow of resources:		
Resources related to pensions	\$ -	\$ 1,547,333

	Governmental Funds	Governmental Activities
Resources related to single- employer OPEB plan	-	1,008,099
Total	\$ -	\$ 2,555,432
Deferred inflow of resources:		
Grants	35,735	-
Resources related to pensions	-	1,391,040
Resources related to multi- employer OPEB plan	-	10,540
Resources related to single- employer OPEB plan	-	1,242,252
Total	\$ 35,735	\$ 2,643,832

12. Interfund Transfers

A summary of Interfund transfers are as follows:

	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ -	\$ 30,000
School Food Service	30,000	-
Total	\$ 30,000	\$ 30,000

13. Encumbrances and commitments

The District utilizes encumbrance accounting in its governmental funds. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which a purchase order, contract, or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported as expenditures in the current year. Generally, all unencumbered appropriations lapse at year-end, except those for capital project funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year. Open encumbrances at fiscal year-end are included in restricted, committed, or assigned fund balance as appropriate.

Total encumbrances of \$423,120 of the general fund's fund balance was assigned.

14. Fund Balances – Governmental Funds

As of June 30, 2019, fund balance components other and unassigned fund balances consist of the following:

	Non- spendable	Restricted	Committed	Assigned
General Fund:				
Prepaid items	\$ 132,498	\$ -	\$ -	\$ -

	Non- spendable	Restricted	Committed	Assigned
Encumbrances	-	-	-	423,120
Contingency fund	-	-	-	400,000
Amount voted by District Meeting	-	-	100,000	-
Capital Reserve	-	-	382,979	-
Grant Fund	-	39,335	-	-
School Food Service	-	63,369	-	-
Nonmajor fund:				
Facilities revolving fund	-	-	207,973	-
Total	\$ <u>132,498</u>	\$ <u>102,704</u>	\$ <u>690,952</u>	\$ <u>823,120</u>

Contingency Fund: Town Meeting authorized the District to retain up to 2.5% of fund balance for emergency expenditures, over expenditures, or reduce the tax rate pursuant to New Hampshire RSA 198:4-b. It is District policy to vote balances into the contingency fund as part of committed fund balance. The District retained an amount below the maximum amount authorized as follows:

Current year net assessment	\$ 28,842,767
Retainage rate	2.5%
Maximum allowable amount	<u>721,069</u>
Amount retained	<u>400,000</u>
Amount available to be retained	<u>\$ 321,069</u>

Fund Balance – Tax Rate Setting Purposes: The State of New Hampshire, Department of Revenue requires the District’s unassigned fund balance to be either 1) returned back to the taxpayers or 2) appropriated according to the District’s Town Meeting wishes. The amount available is as follows:

	Amount
Tax Rate Setting Purposes - Unassigned fund balance	\$ <u>913,508</u>
Total	\$ <u>913,508</u>

15. Contingencies

The District is a party to legal proceedings, which normally occur in governmental operations. Management is of the position that any litigation present at year-end is not material to the financial statements taken as a whole.

The District receives significant financial assistance from the state and federal governments in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the granting agencies. Any disallowance as a result of these audits could become a liability to the District. The District is unable to estimate what liabilities may result from such audits.

16. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters for which the District

purchases commercial insurance. For the past year, settled claims have not exceeded the commercial coverage and there has not been a reduction in coverage.

17. Other Postemployment Benefits Plan

Single-Employer Plan

Plan Description

The District’s defined benefit OPEB pan, provides OPEB for all full-time employees of the District. No assets are accumulated in a trust that meets the criterial in paragraph 4 of Governmental Accounting Standards Board Statement Number 75. The Retiree Health Plan does not issue a publically available financial report.

Benefits provided

The District operates a single-employer benefit plan that offers medical, dental, and vision benefits to its retired employees that meet the specifically eligibility requirements. The benefit terms are:

- Teachers retiring after July 1, 2017: The District will pay 90% of the premiums 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 will receive 100% District paid medical benefits until age 65.
- All Other Employees: Employees pay 100% of the premium for the coverage elected.

Employees covered by benefit terms

As of July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	14
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>275</u>
Total participants covered by OPEB Plan	<u>275</u>

Total OPEB liability

The District’s total OPEB liability of \$6,052,562 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

Actuarial assumptions and other inputs

Discount Rate	3.50%
Healthcare Cost Trend Rates:	
2018 - 2019 Current Year Trend	(0.64%)
2019 - 2020 Trend	9.50%
Decrement	0.50%
Ultimate Trend	5.00%
Year Ultimate Trend is Reached	2026

Salary Increases

2.00%

The discount rate was based upon the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20 year AA municipal bond rate as of June 30, 2019.

Mortality rates: SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Rate 2006).

Significant changes from the previous actuarial valuation

- Increasing the discount rate from 2.85% to 3.5%.
- Trend rates were advanced and the current year rate was adjusted to reflect actual experience.
- Mortality assumption changed from the RP-2000 Projected 10 Years using Projection Scale AA to SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Rate 2006).
- Morbidity factors were adjusted to reflect rates that better reflect expected underlying costs.

Changes in the Total OPEB Liability

	Fiscal Year Ending <u>June 30, 2019</u>
OPEB liability, beginning of year	\$ 5,886,210
Changes for the year	
Service cost	261,860
Interest	204,047
Difference between actual and expected experience	812,324
Change in actuarial cost method	(625,339)
Benefit payments	<u>(486,540)</u>
OPEB liability, end of year	<u>\$ 6,052,562</u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability, calculated using the discount rate of 3.50%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>Discount Rate</u>		
	1%	Baseline	1%
Total OPEB Liability	<u>Decrease</u>	<u>Baseline</u>	<u>Increase</u>
June 30, 2019	\$ 6,406,212	\$ 6,052,562	\$ 5,706,183

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability, calculated using the trend rate of (0.64%), as well as what the total OPEB liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>Discount Rate</u>		
	1%	Baseline	1%
Total OPEB Liability	<u>Decrease</u>	<u>Baseline</u>	<u>Increase</u>
June 30, 2019	\$ 5,450,020	\$ 6,052,562	\$ 6,734,136

OPEB expense

	June 30, 2019
Service cost	\$ 261,860
Interest	204,047
Amortization of Deferred charges	
Difference between expected and actual experience	(269,385)
Changes of assumptions or other inputs	213,422
Plan changes	-
Expected rate on investments	-
Net OPEB expense	\$ <u>409,944</u>

Deferred outflow of resources and deferred inflows of resources related to OPEB

	Attributable to			
	Actual vs. Expected Experience	Assumption Changes	Plan Changes	Expected Return on Investments
Deferred Outflow	\$ -	\$ 1,008,099	\$ -	\$ -
Deferred Inflow	(1,242,252)	-	-	-

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

Period	Amortization of			
	Actual vs. Expected Experience	Assumption Changes	Plan Changes	Expected Return on Investments
June 30, 2020	\$ (269,385)	\$ 213,422	\$ -	\$ -
June 30, 2021	(269,385)	213,422	-	-
June 30, 2022	(269,385)	213,422	-	-
June 30, 2023	(269,385)	213,422	-	-
June 30, 2024	(164,712)	154,411	-	-
Thereafter	-	-	-	-

Cost-sharing multiple-employer

Plan Description

The New Hampshire Retirement System (NHRS) is a public employee retirement system which administers a cost-sharing multiple-employer other postemployment benefit (OPEB) plan.

Benefit amounts and eligibility requirement of 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 four membership types are group II Police Officer and Firefighters, Group 1 Teachers, Group 1 Political Subdivision Employees, and Group 1 State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator towards the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with 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 is 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 1 benefits are based on creditable service, age, and retirement date. Group II benefits are based on hire date, age, and creditable service. The OPEB Plan is closed to new entrants.

Maximum medical subsidy rates paid during fiscal year 2019 was as follows:

- For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person and \$751.12 for a two-person plan.
- For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

Actuarial Assumptions

The collective total OPEB liability was based on the following actuarial assumptions:

Inflation	2.50%
Salary Increases	5.60% average, including inflation
Wage Inflation	3.25% (3.00% for Teachers)
Investment rate of return	7.25% per year, net of OPEB Plan investment expense, including inflation for determining solvency contributions

Mortality rates were based on the RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using scale MP-2015 based on the last experience study.

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

Long-term rates of return

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 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:

Asset class	Target Allocation	2019 Weighted average long-term expected real rate of return
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50	4.50
Total domestic equity	30.00	
Int'l Equities (unhedged)	13.00	4.50

Asset class	Target Allocation	2019 Weighted average long-term expected real rate of return
Emerging Int'l Equities	7.00	6.00
Total international equity	20.00	
Core Bonds	9.00	1.12
Global Multi-Sector Fixed Income	10.00	2.46
Absolute return fixed income	6.00	1.50
Total fixed income	25.00	
Private equity	10.00	7.90
Private debt	5.00	4.86
Total alternative investments	15.00	
Real estate	10.00	3.00
Total	100.00%	

Discount rate

The discount rate used to measure the collective total pension liability was 7.25%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on this assumption, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments to 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 total OPEB liability.

Sensitivity Analysis

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 2,087,758	\$ 1,924,819	\$ 1,783,234

Funding

The District's OPEB contributions to the NHRS for the years ended June 30, 2019, 2018, and 2017 were \$200,362, \$198,510, and \$348,477, respectively. The payroll for employees covered by NHRS for the year ended June 30, 2019 was \$15,309,009

OPEB Liabilities, OPEB Expense, and Deferred Outflow of Resources and Deferred inflows of Resources Related to OPEB

At June 30, 2019, the District's governmental activities reported a total liability of \$1,924,819 for its proportionate share of the net pension liability.

The net OPEB liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2019, the District's proportion was 0.43904422%, which was a decrease of (0.01033091)% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the District recognized pension expense of \$51,040. The District also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,349
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,163
Changes in proportion and differences between District contributions and proportionate share of contributions	-	5,028
District's contributions subsequent to the measurement date	-	-
Total	\$ -	\$ 10,540

The District reported \$10,540 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows / (Inflows)
Year ended June 30:	
2019	\$ (9,812)
2020	(1,435)
2021	149
2022	558
Thereafter	-
Total	\$ (10,540)

The retirement system issues a publicly available financial report that can be obtained through the New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301-8507.

18. Retirement System

Plan Description

The District participates in the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer plan that covers eligible State and local government employees. The plan was established on July 1, 1967 as a contributory, public employee defined benefit pension plan qualified under section 401(a) of the Internal Revenue Code (Code) and funded through a trust which is exempt from tax under Code section 501(a). The plan provides lifetime pension benefits that are determined at retirement under formulas prescribed by law; the pension benefit is not based on investment returns or contributions.

Benefits Provided:

The retirement system provides service, early service, disability, and vested deferred retirement benefits, as well as pre- and post-retirement death benefits. It also provides a post-retirement Medical Subsidy to eligible members and beneficiaries.

NHRS does not provide health insurance for retirees or their beneficiaries.

The New Hampshire General Court (State Legislature) with Governor approval, have the authority to establish and amend benefit formulas and eligibility requirements, which are codified at RSA 100-A. The retirement system is also governed by administrative rules, policies adopted by the NHRS Board of Trustees, and the Internal Revenue Code.

NHRS benefits are funded by member contributions, employer contributions, and net investment returns.

Retirement system members are state, county and municipal employees, teachers, police officers, and firefighters. The membership consists of two groups, Group I (Employee and Teacher) and Group II (Police and Fire).

Funding:

NHRS benefits are funded by member contributions, employer contributions, and net investment returns. Member rates are set by statute. Group I (Employee and Teacher) members contribute 7 percent of their salary to the retirement system. Group II (Police and Fire) members contribute 11.55 percent and 11.80 percent, respectively, of their salary to the retirement system. While member contributions are broken down by Group I and Group II, employer contributions are assessed at five different rates, one each for State Employees, Political Subdivision Employees, Teachers, Police, and Fire. Employer rates are certified by the NHRS Board of Trustees every two years after a biennial actuarial valuation is conducted, which are listed in the following table.

	Employee	Employer Percentage		
	Percentage	Pension	Medical Subsidy	Total
	Percentage	Percentage	Percentage	
Group I				
Employees	7.00%	11.08%	0.30%	11.38%
Teachers	7.00%	15.70%	1.66%	17.36%

	Employee	Employer Percentage		
	Percentage	Pension	Medical Subsidy	Total
Group II	Percentage	Percentage	Percentage	
Police	11.55%	25.33%	4.10%	29.43%
Fire	11.80%	27.79%	4.10%	31.89%

The valuation is a model of expected liabilities based on reasonable actuarial assumptions, including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and the projected life expectancies of members and retirees. State law requires that NHRS trustees use this valuation to set employer contribution rates at a level necessary to keep the retirement system on track to meet its constitutional long-term obligations.

The District's pension contributions to the NHRS for the years ended June 30, 2019, 2018, and 2017 were \$2,220,873, \$2,187,770, and \$1,835,348, respectively. The payroll for employees covered by NHRS for the year ended June 30, 2019 was \$15,309,009.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred inflows of Resources Related to Pensions

At June 30, 2019, the District's governmental activities reported a total liability of \$24,555,435 for its proportionate share of the net pension liability.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2019, the District's proportion was 0.51033245%, which was a decrease of (0.00755685)% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the District recognized pension expense of \$3,111,382. The District also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 135,770	\$ 528,012
Change of assumptions	881,039	-
Net difference between projected and actual earnings on pension plan investments	-	200,583
Changes in proportion and differences between District contributions and proportionate share of contributions	530,524	662,445
District's contributions subsequent to the measurement date	-	-
Total	\$ 1,547,333	\$ 1,391,040

The District reported \$1,547,333 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>Deferred Outflows / (Inflows)</u>
2019	\$ 733,462
2020	(563,189)
2021	(11,161)
2022	(2,819)
Thereafter	<u>-</u>
Total	<u>\$ 156,293</u>

Actuarial assumptions

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

Inflation	2.5%
Salary increases	5.6% average, including inflation
Wage inflation	3.25% (3.00% for Teachers)
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

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

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

Long-term rates of return

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>2019 Weighted average long-term expected real rate of return</u>
Large Cap Equities	22.50%	4.25%

Asset class	Target Allocation	2019 Weighted average long-term expected real rate of return
Small/Mid Cap Equities	7.50	4.50
Total domestic equity	30.00	
Int'l Equities (unhedged)	13.00	4.50
Emerging Int'l Equities	7.00	6.00
Total international equity	20.00	
Core Bonds	9.00	1.12
Global Multi-Sector Fixed Income	10.00	2.46
Absolute return fixed income	6.00	1.50
Total fixed income	25.00	
Private equity	10.00	7.90
Private debt	5.00	4.86
Total alternative investments	15.00	
Real estate	10.00	3.00
Total	100.00%	

Discount Rate

The discount rate used to measure the collective total pension liability was 7.25%. 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 service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to 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 total pension liability.

Sensitivity Analysis

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 32,880,739	\$ 24,555,435	\$ 17,674,637

The retirement system issues a publicly available financial report that can be obtained through the New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301-8507.

19. Restatement

The District restated net position for government and business-type activities. The impact of this restatement on net position is as follows:

	Govern- mental Activities	Major Fund School Food Service	Nonmajor Funds
Fund Equity, June 30, 2018, as previously reported	\$ (5,868,675)	\$ -	\$ 284,609
Reduce lease payable liability for non-capital related lease agreements	118,589	-	-
Reduce capital assets for purchase power equipment	(75,760)	-	-
Record retiree post-employment benefits	(187,446)	-	-
Restate net pension liability due to change in measurement period	312,187	-	-
Reclass nonmajor fund	-	45,893	(45,893)
Net position at June 30, 2018, as restated	<u>\$ (5,701,105)</u>	<u>\$ 45,893</u>	<u>\$ 238,716</u>

20. Commitments and Contingencies

Grants:

The District recognizes as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial

Lawsuits:

The District is also a defendant in several lawsuits arising in the normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the District, such loss has been accrued in the accompanying financial statements. Litigation where loss to the District is reasonable possible has not been accrued, however, District management and Counsel estimate outcome of claims cannot be determined at this time.

21. Implementation of New GASB Standards

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have been implemented in the current fiscal year; however, several other pronouncements have effective dates that may impact future financial presentations. Management's determination, if any, of the impact of implementing the following statements on the financial statements are as follows:

- GASB Statement No. 84, *Fiduciary Activities*, will be effective for the fiscal year ended June 30, 2020. The purpose of this statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes. Management's assessment of this pronouncement is that it restate the District's basic financial statements to include student activity funds that are accounted as a fiduciary fund in the current fiscal year.
- GASB Statement No. 87, *Leases*, will be effective for the fiscal year ended June 30, 2021. The purpose of this statement is to improve financial reporting of lease obligations. Management's assessment of this pronouncement is that it will have an impact on the District's basic financial statements.
- GASB Statement No. 92, *Omnibus 2020*. The purpose of this statement as it relates to the District include requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting ending June 30, 2021. Managements assessment of this pronouncement is that it will have an impact on the District's basic financial statements.

SANBORN REGIONAL SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	<u>Special Revenue Fund Facilities Revolving</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS		
Receivables:		
Other	\$ 14,262	\$ 14,262
Due from other funds	193,710	193,710
TOTAL ASSETS	<u>\$ 207,972</u>	<u>\$ 207,972</u>
 FUND BALANCE		
Committed	\$ 207,973	\$ 207,973
TOTAL FUND BALANCES	<u>207,973</u>	<u>207,973</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 207,973</u>	 <u>\$ 207,973</u>

See accompanying independent Auditors' Report.

SANBORN REGIONAL SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Special Revenue Fund Facilities Revolving</u>	<u>Total Nonmajor Govern- mental Funds</u>
Revenues:		
Miscellaneous	\$ 20,841	\$ 20,841
Total Revenues	20,841	20,841
Expenditures:		
Current		
Instruction	10,052	10,052
Operations and maintenance	41,532	41,532
Total Expenditures	51,584	51,584
Excess (deficiency) of revenues and other sources over expenditures and other uses	(30,743)	(30,743)
Fund Equity, at Beginning of Year, as adjusted	238,716	238,716
Fund Equity, at End of Year	\$ <u>207,973</u>	\$ <u>207,973</u>

See accompanying independent Auditors' Report.

SANBORN REGIONAL SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget Positive (Negative)
Revenues and Other Sources:				
Town assessment	\$ 21,372,712	\$ 21,372,712	\$ 21,372,712	\$ -
Intergovernmental	6,867,171	6,867,171	6,955,432	88,261
Tuition	4,099,455	4,099,455	4,363,190	263,735
Miscellaneous	30,686	30,686	226,619	195,933
Use of fund balance	<u>1,504,483</u>	<u>1,504,483</u>	<u>1,504,483</u>	<u>-</u>
Total Revenues and Other Sources	33,874,507	33,874,507	34,422,436	547,929
Expenditures and Other Uses:				
Instruction	19,049,374	18,939,120	18,299,163	639,957
Student services	3,398,153	3,442,919	3,233,837	209,082
Administration	3,352,492	3,520,026	3,619,471	(99,445)
Operations and maintenance	3,240,478	3,217,238	3,404,930	(187,692)
Transportation	1,573,974	1,554,784	1,267,102	287,682
Central	922,650	863,034	794,329	68,705
Debt service	2,307,386	2,307,386	2,307,386	-
Transfers out	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Total Expenditures and Other Uses	33,874,507	33,874,507	32,956,218	918,289
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,466,218</u>	<u>\$ 1,466,218</u>

See accompanying Independent Auditors' report.

SANBORN REGIONAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019
(Unaudited)

Other Post-Employment Benefits – Single Employer Plan Only			
	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability:			
Service cost	\$ 261,860	\$ 350,811	\$ 343,932
Interest	204,047	159,382	155,350
Assumption changes	812,324	-	-
Differences between actual and expected experience	(625,339)	(30,112)	(2,309)
Benefit payments	(486,540)	(372,462)	(338,545)
Net change in total OPEB liability	166,352	107,619	158,428
Total OPEB liability – Beginning	<u>5,886,210</u>	<u>5,778,591</u>	<u>5,620,163</u>
Total OPEB liability – ending	<u>\$ 6,052,562</u>	<u>\$ 5,886,210</u>	<u>\$ 5,778,591</u>
Covered employee payroll	13,602,240	16,602,561	16,277,021
Total OPEB liability as a percentage of covered employee payroll	44.50%	35.45%	35.50%

See accompanying Independent Auditors' report

SANBORN REGIONAL SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 Cost-Sharing Multiple Employer Plan Information Only
 Last 10 Fiscal Years *

Fiscal Year	District's proportion of the net pension liability (asset)	(a) District's proportionate share of the net pension liability (asset)	(b) District's covered- employee payroll	(a)/(b) District's proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.58795093%	\$ 2,688,311	\$ 14,939,773	17.99%	5.21%
2017	0.61384594%	2,971,660	14,358,222	20.70%	7.91%
2018	0.44937513%	2,057,445	15,037,771	13.68%	7.50%
2019	0.43904422%	1,924,819	15,309,009	12.57%	7.75%

* - This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for years which information is available.

See accompanying Independent Auditors' report

SANBORN REGIONAL SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 COST-SHARING MULTIPLE EMPLOYER PLAN

Last 10 Fiscal Years *

Fiscal Year	(a) Contractually required contributions	(b) Contributions in relation to the contractually required contribution	(a)-(b) Contribution deficiency (excess)	District's covered- employee payroll	Contributions as a percentage of covered- employee payroll
2016	\$ 330,574	\$ (330,574)	\$ -	\$ 14,358,222	2.30%
2017	348,477	(348,477)	-	14,939,773	2.33%
2018	198,510	(198,510)	-	15,037,771	1.32%
2019	200,362	(200,362)	-	15,309,009	1.31%

* - This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for years which information is available.

See accompanying Independent Auditors' report

SANBORN REGIONAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Pension Plan

Last 10 Fiscal Years *

Fiscal Year	District's proportion of the net pension liability (asset)	(a) District's proportionate share of the net pension liability (asset)	(b) District's covered-employee payroll	(a)/(b) District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2013	0.49614063%	\$ 21,352,823	\$ 13,906,874	153.54%	59.81%
2014	0.50884388%	19,099,891	14,230,939	134.21%	66.32%
2015	0.51600614%	20,441,723	14,930,013	136.92%	65.47%
2016	0.52318724%	27,820,980	14,358,222	193.76%	58.30%
2017	0.50099176%	24,638,729	14,939,773	193.76%	62.66%
2018	0.51788930%	24,937,418	15,037,771	165.83%	64.73%
2019	0.51033245%	24,555,435	15,309,009	160.40%	65.59%

* - This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for years which information is available.

See accompanying Independent Auditors' report

SANBORN REGIONAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Pension Plan

Last 10 Fiscal Years *

Fiscal Year	(a) Contractually required contributions	(b) Contributions in relation to the contractually required contribution	(a)-(b) Contribution deficiency (excess)	District's covered- employee payroll	Contributions as a percentage of covered- employee payroll
2013	\$ 1,233,806	\$ (1,233,806)	\$ -	\$ 13,906,873	8.87%
2014	1,651,234	(1,651,234)	-	14,230,942	11.60%
2015	1,731,149	(1,731,149)	-	14,930,013	11.60%
2016	1,760,847	(1,760,847)	-	14,358,222	12.26%
2017	1,835,348	(1,835,348)	-	14,939,773	12.28%
2018	2,187,770	(2,187,770)	-	15,037,771	14.55%
2019	2,220,873	(2,220,873)	-	15,309,009	14.51%

* - This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for years which information is available.

See accompanying Independent Auditors' report