

SANBORN REGIONAL SCHOOL DISTRICT
Financial Statements
With Schedule of Expenditures of Federal Awards
June 30, 2022
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, 2022**

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**SANBORN REGIONAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
June 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the School Board
Sanborn Regional School District

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Sanborn Regional School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sanborn Regional School District, as of June 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 accompanying 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 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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, 2023, on our consideration of the 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 and other matters. 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, 2023

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, 2022. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

1. Financial Highlights

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent year by \$(6,513,343) (*net position*). Of this amount, \$(33,028,785) (*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 \$(237,267).
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$4,184,445, a change of \$(431,158) in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,163,780, and is *available for spending* at the Annual District Meeting's discretion or returned to taxpayers.
- The District's total bonded debt changed by \$(1,085,327) during the current fiscal year. This change represents the repayment of principal debt service, net of amortized bond premium. Additionally, the District has one financed purchase obligation with a total outstanding balance of \$4,6912 at year-end with annual repayments through fiscal year 2024.
- At year end, the District reported a net pension liability of \$27,589,073 for all of its activities (not including related deferred inflows and outflows of resources).

2. Overview of the Financial Statements

This management's 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 six 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, grants fund, and food service funds, which are each 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, liabilities and deferred inflows exceeded assets and deferred outflows by \$(6,513,343) (*net position*) at the close of the most recent fiscal year.

The largest portion of the District's net position, \$26,422,469, 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	
	2022	2021
Current and other assets	\$ 5,562,631	\$ 5,213,001
Capital assets	29,456,550	30,483,474
Total assets	35,019,181	35,696,475
Deferred outflows of resources	5,322,626	6,079,406
Long-term liabilities outstanding	40,743,115	35,906,659
Other liabilities	3,164,411	3,081,532
Total liabilities	43,907,526	38,988,191
Deferred inflows of resources	2,947,624	9,057,628
Net position:		
Net investment in capital assets	26,422,469	26,361,894
Restricted	92,973	54,530
Unrestricted	(33,028,785)	(32,686,362)
Total net position	\$ (6,513,343)	\$ (6,269,938)

Sanborn Regional School District's Condensed Statement of Net Position

	Governmental Activities	
	2022	2021
Revenues:		
Program revenues:		
Charges for service	\$ 107,675	\$ 39,753
Operating grants and contributions	2,781,878	2,677,052
General revenues	31,548,971	32,340,537
Total revenues		35,057,342
Expenses:		
Instruction	20,533,068	18,880,634
Support services	4,050,091	3,850,282
Administration	3,637,420	3,541,371
Operation and maintenance	3,029,932	2,882,525
Transportation	1,286,047	1,252,422
Central	866,823	1,290,370
Interest expense	1,272,410	1,223,595
Total expenses	34,675,791	32,921,199
Change in net position	(237,267)	2,136,143

Sanborn Regional School District's Condensed Statement of Net Position

	Governmental Activities	
	2022	2021
Net position - Beginning of year, as adjusted	(6,276,076)	(8,406,081)
Net position - End of year	\$ (6,513,343)	\$ (6,269,938)

Note: Beginning net position for the current year has been adjusted. See footnote 16 – Restatement of Equity for more information.

An additional portion of the District’s net position (\$92,973) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$(33,028,785)), 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 \$(237,267). Key elements of this change are as follows:

Governmental Activities:	
General Fund	\$ (518,608)
Grants Fund – Major Fund	(5,680)
Food Service Fund – Major Fund	83,459
Nonmajor Funds	9,671
Depreciation expense, net of capital asset purchases and disposals	(846,925)
Financial resources, such as grant revenue, met the revenue recognition criteria	487
Repayment of long-term debt, net of bond premium amortization	1,031,151
Change in OPEB and net pension obligation, net of deferred resources, and other employee benefits	<u>9,178</u>
Total	<u>\$ (237,267)</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 \$4,184,445, which is a change of \$(431,158) in comparison with the prior year. Key elements of this change are as follows:

Governmental Funds:	
General Fund	\$ (518,608)
Grants Fund – Major Fund	(5,680)
Food Service Fund – Major Fund	<u>83,459</u>
Nonmajor Funds	<u>9,671</u>
Total	\$ <u><u>(431,158)</u></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 \$1,163,780, while the total fund balance was \$3,639,791. 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 3.52 percent of total general fund expenditures, while total fund balance represents 11.04 percent of that same amount.

As noted above, total fund balance of the general fund changed by \$(518,608) during the current fiscal year. Key elements of this change are as follows:

Revenue greater than budget	\$ 17,880
Expenditures less than budget	1,226,137
Use of fund balance as a funding source	(2,382,088)
Other	<u>619,463</u>
Total	\$ <u><u>(518,608)</u></u>

5. Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets, as of June 30, 2022, amounted to \$29,456,550 (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:	
Middle School outdoor basketball court	\$12,981
D.J. Bakie Elementary security enhancements	\$13,445
D.J. Bakie Elementary boilers	\$300,488
D.J. Bakie dishwasher	\$16,964
Middle School Guidance office	\$65,461
Two enclosed landscape trailers	\$29,600
Special Education administrative offices	\$16,982
Accounting system	\$80,087
Computer equipment	\$6,308
Capital asset Disposals, net of accumulated depreciation:	
Seminary Campus	439,525

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, 2022

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 3,650,226
Accounts receivable	137,221
Due from other governments	1,166,358
Prepaid items	36,864
Current portion of lease receivable	124,780
Total Current Assets	<u>5,115,449</u>
Noncurrent Assets:	
Lease receivable	267,182
Note receivable	180,000
Capital assets:	
Non-depreciable capital assets	942,353
Depreciable capital assets, net	28,514,197
Total Capital assets	<u>29,456,550</u>
Total Noncurrent Assets	<u>29,903,732</u>
Total Assets	<u>35,019,181</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to OPEB liability	2,000,230
Deferred outflows of resources related to net pension liability	3,322,396
Total Deferred Outflows of Resources	<u>5,322,626</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	511,256
Accrued liabilities	1,155,070
Other liabilities	4,758
Unearned food service sales	18,882
Advances from grantors	71,502
Current portion of bonds payable	959,842
Current portion of financed purchase obligation	2,286
Current portion of early retirement benefits	348,762
Current portion of compensated absences payable	92,053
Total Current Liabilities	<u>3,164,411</u>
Noncurrent Liabilities:	
Bonds payable	2,069,548
Financed purchase obligation	2,405
Early retirement benefits	824,462
Compensated absences payable	519,858
Other postemployment benefits (OPEB) liability	9,737,769
Net pension liability	27,589,073
Total Noncurrent Liabilities	<u>40,743,115</u>
Total Liabilities	<u>43,907,526</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to lease receivable	384,861
Deferred inflows of resources related to OPEB liability	867,481
Deferred inflows of resources related to net pension liability	1,695,282
Total Deferred Inflows of Resources	<u>2,947,624</u>
NET POSITION	
Net investment in capital assets	26,422,469
Restricted	92,973
Unrestricted (Deficit)	<u>(33,028,785)</u>
Total Net Position (Deficit)	<u>\$ (6,513,343)</u>

See accompanying notes to the basic financial statements

EXHIBIT B
SANBORN REGIONAL SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2022

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	\$ 20,533,068		\$ 1,137,803	\$ (19,395,265)
Supporting services	3,061,264		115,493	(2,945,771)
General administration	3,637,420		35,650	(3,601,770)
Operation and maintenance of plant	3,029,932		491,033	(2,538,899)
Pupil transportation	1,286,047		11,328	(1,274,719)
Food service	988,827	\$ 107,675	977,584	96,432
Centralized services	866,823		12,987	(853,836)
Interest and fiscal charges	1,272,410			(1,272,410)
Total governmental activities	<u>\$ 34,675,791</u>	<u>\$ 107,675</u>	<u>\$ 2,781,878</u>	<u>(31,786,238)</u>
General revenues:				
Property taxes				24,209,158
State education grants				3,468,498
Tuition				3,860,389
Interest income				7,971
Miscellaneous				502,768
Loss on disposal of capital assets				<u>(499,813)</u>
Total general revenues and loss on disposal of capital assets				<u>31,548,971</u>
Change in net position				(237,267)
Net Position (Deficit) at beginning of year, as restated				<u>(6,276,076)</u>
Net Position (Deficit) at end of year				<u>\$ (6,513,343)</u>

See accompanying notes to the basic financial statements

EXHIBIT C
SANBORN REGIONAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u> <u>Fund</u>	<u>Grants</u> <u>Fund</u>	<u>Food</u> <u>Service</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	\$ 3,382,122			\$ 268,104	\$ 3,650,226
Accounts receivable	80,565	\$ 4,713	\$ 13,788	38,155	137,221
Due from other governments	714,583	207,343	244,432		1,166,358
Due from other funds	285,728			145,422	431,150
Prepaid items	36,864				36,864
Total Assets	<u>4,499,862</u>	<u>212,056</u>	<u>258,220</u>	<u>451,681</u>	<u>5,421,819</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>\$ 4,499,862</u>	<u>\$ 212,056</u>	<u>\$ 258,220</u>	<u>\$ 451,681</u>	<u>\$ 5,421,819</u>
Liabilities:					
Accounts payable	\$ 468,134				\$ 468,134
Accrued liabilities	198,635	\$ 1,191			199,826
Other liabilities	4,758				4,758
Unearned food service sales			\$ 18,882		18,882
Advances from grantors		71,502			71,502
Due to other funds	188,544	137,965	147,763		474,272
Total Liabilities	<u>860,071</u>	<u>210,658</u>	<u>166,645</u>	<u>\$ -</u>	<u>1,237,374</u>
Deferred Inflows of Resources:					
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	36,864				36,864
Restricted		1,398	91,575		92,973
Committed	889,583			183,577	1,073,160
Assigned	1,549,564			268,104	1,817,668
Unassigned	1,163,780				1,163,780
Total Fund Balances	<u>3,639,791</u>	<u>1,398</u>	<u>91,575</u>	<u>451,681</u>	<u>4,184,445</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,499,862</u>	<u>\$ 212,056</u>	<u>\$ 258,220</u>	<u>\$ 451,681</u>	<u>\$ 5,421,819</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, 2022

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 4,184,445
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.	29,456,550
Long-term assets are not available to pay current period expenditures, and therefore, are not reported in governmental funds. Long-term assets at year end consist of:	
Lease receivable	391,962
Note receivable	180,000
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	2,000,230
Deferred outflows of resources related to net pension liability	3,322,396
Deferred inflows of resources related to lease receivable	(384,861)
Deferred inflows of resources related to OPEB liability	(867,481)
Deferred inflows of resources related to net pension liability	(1,695,282)
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	(3,029,390)
Financed purchase obligation	(4,691)
Accrued interest on long-term obligations	(955,244)
Early retirement benefits payable	(1,173,224)
Compensated absences payable	(611,911)
OPEB liability	(9,737,769)
Net pension liability	<u>(27,589,073)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ (6,513,343)</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, 2022

	General <u>Fund</u>	Grants <u>Fund</u>	Food Service <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:					
Taxes	\$ 24,209,158				\$ 24,209,158
Intergovernmental	4,269,477	\$ 949,716	\$ 977,584		6,196,777
Tuition	3,860,389				3,860,389
Charges for services			107,675		107,675
Interest income	7,971				7,971
Miscellaneous	<u>102,887</u>	<u>60,213</u>		<u>\$ 412,780</u>	<u>575,880</u>
Total Revenues	<u>32,449,882</u>	<u>1,009,929</u>	<u>1,085,259</u>	<u>412,780</u>	<u>34,957,850</u>
Expenditures:					
Current operations:					
Instruction	18,750,623	851,479		289,085	19,891,187
Supporting services	3,096,344	115,493			3,211,837
General administration	3,575,577	35,650		5,058	3,616,285
Operation and maintenance of plant	3,126,728			108,725	3,235,453
Pupil transportation	1,285,806			241	1,286,047
Food service			1,001,800		1,001,800
Centralized services	832,023	12,987			845,010
Debt service:					
Principal retirement	1,008,331				1,008,331
Interest and fiscal charges	<u>1,293,058</u>				<u>1,293,058</u>
Total Expenditures	<u>32,968,490</u>	<u>1,015,609</u>	<u>1,001,800</u>	<u>403,109</u>	<u>35,389,008</u>
Net change in fund balances	(518,608)	(5,680)	83,459	9,671	(431,158)
Fund Balances at beginning of year, as restated	<u>4,158,399</u>	<u>7,078</u>	<u>8,116</u>	<u>442,010</u>	<u>4,615,603</u>
Fund Balances at end of year	<u>\$ 3,639,791</u>	<u>\$ 1,398</u>	<u>\$ 91,575</u>	<u>\$ 451,681</u>	<u>\$ 4,184,445</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, 2022

Net Change in Fund Balances - Governmental Funds (Exhibit D) \$ (431,158)

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.

Capital outlays and depreciation expense in the current period are as follows:

Capital outlays	499,747
Depreciation expense	(826,859)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal.

This is the amount of the net loss on the disposal of capital assets reduced by the actual proceeds received from the disposal.

Net loss on disposal	(499,845)
Proceeds received	(19,968)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Intergovernmental revenues	(6,614)
Lease income	7,101

Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Repayments are as follows:

Bonds payable	1,008,331
Financed purchase obligation	2,172

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.

76,996

In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds, an interest expenditure is reported when due.

(56,348)

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.

(114,301)

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	(171,984)
Net changes in pension	295,463

Change in Net Position of Governmental Activities (Exhibit B) \$ (237,267)

See accompanying notes to the basic financial statements

EXHIBIT E
SANBORN REGIONAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	ASSETS	Private- Purpose <u>Trust Fund</u>
Due from other funds		\$ 43,122
Total Assets		<u>43,122</u>
	LIABILITIES	<u> </u>
Total Liabilities		<u> -</u>
	NET POSITION	
Held in trust		<u>43,122</u>
Total Net Position		<u>\$ 43,122</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, 2022

	Private- Purpose <u>Trust Fund</u>
ADDITIONS:	
Contributions	\$ <u>23,825</u>
Total Additions	<u>23,825</u>
DEDUCTIONS:	
Scholarship Benefits	<u>24,300</u>
Total Deductions	<u>24,300</u>
Change in net position	(475)
Net Position at beginning of year	<u>43,597</u>
Net Position at end of year	<u><u>\$ 43,122</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, 2022

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, 2022

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.

The *Food Service Fund* is used to account for the financial resources related to the District's food service operations.

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The District maintains one fiduciary fund type, 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

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

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.

The fiduciary fund financial statements are 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 10). 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, 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 grantors. 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

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

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. During the year ended June 30, 2022, the District applied \$2,282,088 of its June 30, 2021 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

Lease Receivables and Related Deferred Inflows of Resources

Lease receivables are measured at the present value of payments expected to be received during the lease term. Deferred inflows related to lease receivables are measured at the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term and are recognized as miscellaneous revenues on a straight-line basis over the life of the related lease.

Lease Liabilities and Leased Assets

Lease liabilities are measured at the present value of payments expected to be made during the lease term. Leased assets are measured at the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs and are amortized on a straight-line basis over the life of the related lease.

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

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.

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 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.

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

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.

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.

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

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, 2022 the District retained fund balance in the amount of \$537,817.

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.

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—CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. Under GASB Statement No. 87, the District is required to record a lease receivable and a deferred inflow of resources for its leasing arrangements as a lessor and a lease liability and an intangible right to use asset for its leasing arrangement as a lessee. The District recognized \$513,148 as a lease receivable as of July 1, 2021, due to implementation of GASB Statement No. 87. However, the entire amount was offset by related deferred inflows of resources for the lease receivable.

The District has also entered into a rental agreement as a lessee for the use of a building through the year ended June 30, 2024. Management has determined that the effect of implementing GASB Statement No. 87 related to this lease is immaterial to its financial statements.

NOTE 3—DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	<u>\$ 3,650,226</u>

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

Deposits and investments at June 30, 2022 consist of the following:

Cash on hand	\$	275
Deposits with financial institutions		<u>3,649,951</u>
	\$	<u>3,650,226</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, \$3,346,432 was collateralized by securities held by the bank in the bank's name.

NOTE 4—LEASE RECEIVABLE

The District entered into a 5 year lease with a local not-for-profit education entity for the use of certain portions of land and building located at the property formerly known as the Sanborn Regional Middle School. The lease commenced on July 1, 2020, with a term of 5 years and includes one optional renewal term of 5 years. Management is unable to estimate the likelihood of renewal. Terms of the agreement include monthly payments of \$11,667 during years one, two, and three, with annual adjustment based on percentage change in the Consumer Price Index during the immediately preceding year for year four and each subsequent year thereafter. The lease receivable was discounted to a net present value at July 1, 2021, using an interest rate of 4.54%. For the year ended June 30, 2022, the District recognized lease revenue of \$128,287 and lease interest revenue of \$18,814. The balance of the lease receivable at June 30, 2022 is \$391,962.

NOTE 5—NOTE RECEIVABLE

During the year ended June 30, 2022, the District executed a purchase and sale agreement for the sale of the Sanborn Seminary property. As part of the sale a promissory note was executed in the amount of \$180,000 with a stated interest rate of 4%. Payment is due to the District in full no later than December 16, 2024. As of June 30, 2022, the entire balance of the note receivable has been classified as noncurrent.

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

NOTE 6—CAPITAL ASSETS

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

	Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2022</u>
Capital assets not being depreciated:				
Construction in progress	\$ 60,998		\$ (60,998)	\$ -
Land	<u>1,101,127</u>		<u>(158,774)</u>	<u>942,353</u>
Total capital assets not being depreciated	<u>1,162,125</u>	<u>\$ -</u>	<u>(219,772)</u>	<u>942,353</u>
Other capital assets:				
Land improvements	436,709		(6,793)	429,916
Buildings and improvements	39,437,361	406,057	(1,895,591)	37,947,827
Machinery, equipment and vehicles	<u>2,281,551</u>	<u>154,688</u>	<u>(37,629)</u>	<u>2,398,610</u>
Total other capital assets at historical cost	<u>42,155,621</u>	<u>560,745</u>	<u>(1,940,013)</u>	<u>40,776,353</u>
Less accumulated depreciation for:				
Land improvements	(282,868)	(18,360)	6,792	(294,436)
Buildings and improvements	(10,898,598)	(667,362)	1,365,698	(10,200,262)
Machinery, equipment and vehicles	<u>(1,652,806)</u>	<u>(141,137)</u>	<u>26,485</u>	<u>(1,767,458)</u>
Total accumulated depreciation	<u>(12,834,272)</u>	<u>(826,859)</u>	<u>1,398,975</u>	<u>(12,262,156)</u>
Total other capital assets, net	<u>29,321,349</u>	<u>(266,114)</u>	<u>(541,038)</u>	<u>28,514,197</u>
Total capital assets, net	<u>\$ 30,483,474</u>	<u>\$ (266,114)</u>	<u>\$ (760,810)</u>	<u>\$ 29,456,550</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 557,429
Supporting services	5,921
General administration	11,458
Operation and maintenance of plant	248,059
Food service	3,992
	<u>\$ 826,859</u>

NOTE 7—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in long-term obligations of the governmental activities for the year ended June 30, 2022 are as follows:

Type	Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2022</u>	Amounts Due Within <u>One Year</u>
Bonds payable	\$ 3,753,273		\$ (1,008,331)	\$ 2,744,942	\$ 959,842
Unamortized bond premium	<u>361,444</u>		<u>(76,996)</u>	<u>284,448</u>	
Total Bonds payable	4,114,717	\$ -	(1,085,327)	3,029,390	959,842
Financed purchase obligation	6,863		(2,172)	4,691	2,286
Early retirement benefits	1,135,850	550,505	(513,131)	1,173,224	348,762
Compensated absences	<u>534,984</u>	<u>129,962</u>	<u>(53,035)</u>	<u>611,911</u>	<u>92,053</u>
Total	<u>\$ 5,792,414</u>	<u>\$ 680,467</u>	<u>\$ (1,653,665)</u>	<u>\$ 4,819,216</u>	<u>\$ 1,402,943</u>

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

Payments on the general obligation bonds and financed purchase obligation 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, 2022 is comprised of the following individual issue:

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at June 30, 2022</u>
2004 High School Construction Bonds	\$ 29,770,200	4.54%	August 2024	\$ 2,744,942
			Add: Unamortized bond premium	284,448
				<u>\$ 3,029,390</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, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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
	2,744,942	4,166,469	6,911,411
Add: Unamortized bond premium	284,448		284,448
	<u>\$ 3,029,390</u>	<u>\$ 4,166,469</u>	<u>\$ 7,195,859</u>

Financed Purchase Obligation

Financed purchase obligations represent purchase 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 is the financed purchase obligation outstanding at June 30, 2022:

Equipment - Floor Scrubber - due in varying annual installments at 3.10% through July 1, 2023	<u>\$ 4,691</u>
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Debt service requirements to retire the financed purchase obligation outstanding at June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 2,286	\$ 246	\$ 2,532
2024	2,405	126	2,531
	<u>\$ 4,691</u>	<u>\$ 372</u>	<u>\$ 5,063</u>

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

NOTE 8—OTHER POSTEMPLOYMENT 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	\$ 4,643	\$ 1,698,757		\$ 5,733
Single Employer Plan	<u>1,995,587</u>	<u>8,039,012</u>	<u>\$ 867,481</u>	<u>774,091</u>
Total	<u>\$ 2,000,230</u>	<u>\$ 9,737,769</u>	<u>\$ 867,481</u>	<u>\$ 779,824</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 \$1,132,749.

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.

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

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

For the Year Ended June 30, 2022

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 0.31% and 1.54%, respectively, for the year ended June 30, 2022. Contributions to the OPEB plan for the District were \$189,297 for the year ended June 30, 2022. 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, 2022, the District reported a liability of \$1,698,757 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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, 2021. 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, 2022, the District's proportion was approximately 0.4495 percent, which was a decrease of 0.0132 percentage points from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized OPEB expense of \$5,733. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ 4,643	_____
Totals	<u>\$ 4,643</u>	<u>\$ -</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>	
2023	\$ 772
2024	201
2025	(1,826)
2026	5,496
	<u>\$ 4,643</u>

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, 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	5.4%, 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, 2021 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 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>Geometric Expected Real Rate of Return</u>
Public Equity	50%	7.60-7.90%
Private Market Equity	20%	6.60-8.85%
Private Debt	5%	7.25%
Fixed income	25%	3.60%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2022, 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

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 1,844,290	\$ 1,698,757	\$ 1,572,009

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 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.

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

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 \$8,039,012 was measured as of June 30, 2022 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:

Inflation	None specified
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).

Changes in the Total OPEB Liability

	Total OPEB
	<u>Liability</u>
Balance at June 30, 2021	\$ 7,920,238
Changes for the year:	
Service cost	370,758
Interest	166,557
Benefit payments	<u>(418,541)</u>
Net changes	<u>118,774</u>
Balance at June 30, 2022	<u><u>\$ 8,039,012</u></u>

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

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:

	<u>1% Decrease</u>	Current <u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 8,538,735	\$ 8,039,012	\$ 7,541,071

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:

	<u>1% Decrease</u>	Healthcare Cost Trend Rate <u>Baseline</u>	<u>1% Increase</u>
Total OPEB liability	\$ 7,156,284	\$ 8,039,012	\$ 9,052,448

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$774,091. At June 30, 2022, 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		\$ 867,481
Changes of assumptions	\$ 1,995,587	_____
Totals	<u>\$ 1,995,587</u>	<u>\$ 867,481</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>	
2023	\$ 236,776
2024	286,253
2025	288,924
2026	316,153
	<u>\$ 1,128,106</u>

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

NOTE 9—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.

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:

Years of Creditable Service as of <u>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%

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

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 general employees were 19.48% and 13.75%, respectively, for the year ended June 30, 2022. 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 \$2,784,889 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$27,589,073 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021. 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, 2022, the District's proportion was approximately 0.4810 percent, which was a decrease of 0.0140 percentage points from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized pension expense of \$2,489,425. At June 30, 2022, 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	\$ 517,798	\$ 105,910
Changes of assumptions	1,467,518	
Net difference between projected and actual earnings on pension plan investments	1,045,590	
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>291,490</u>	<u>1,589,372</u>
Totals	<u>\$ 3,322,396</u>	<u>\$ 1,695,282</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions is reflected as an increase to unrestricted net position in the amount of \$1,627,114. 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:

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

<u>June 30,</u>	
2023	\$ 655,572
2024	588,672
2025	(930,975)
2026	<u>1,313,845</u>
	<u>\$ 1,627,114</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions:

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.40%, 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, 2021 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>Geometric Expected Real Rate of Return</u>
Public Equity	50%	7.60-7.90%
Private Market Equity	20%	6.60-8.85%
Private Debt	5%	7.25%
Fixed income	<u>25%</u>	3.60%
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

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

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 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 37,017,581	\$ 27,589,073	\$ 19,750,142

NOTE 10—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, 2022, School District taxes were \$21,512,703 and State of New Hampshire Education taxes were \$2,696,455.

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 11—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, 2022 are as follows:

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

		Due from			
		General	Grants	Food	
		<u>Fund</u>	<u>Fund</u>	Service	<u>Totals</u>
				<u>Fund</u>	
Due to	General Fund		\$ 137,965	\$ 147,763	\$ 285,728
	Nonmajor Governmental Funds	\$ 145,422			145,422
	Fiduciary Fund	43,122			43,122
		<u>\$ 188,544</u>	<u>\$ 137,965</u>	<u>\$ 147,763</u>	<u>\$ 474,272</u>

NOTE 12—RESTRICTED NET POSITION

Net position of governmental activities at June 30, 2022 is restricted for specific purposes as follows:

Private grants and donations	\$ 1,398
Food Service operations	<u>91,575</u>
	<u>\$ 92,973</u>

NOTE 13—COMPONENTS OF FUND BALANCE

The components of the District's fund balance for its governmental funds at June 30, 2022 are as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Grants</u>	<u>Food</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Service</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Nonspendable:					
Prepaid items	\$ 36,864				\$ 36,864
Restricted for:					
Private grants and donations		\$ 1,398			1,398
Food service operations			\$ 91,575		91,575
Committed for:					
Expendable trusts	714,583				714,583
Subsequent year expenditures	175,000				175,000
Facilities revolving Fund				\$ 165,896	165,896
Before and after school fund				17,681	17,681
Assigned for:					
Student activity funds				268,104	268,104
Encumbrances	1,011,747				1,011,747
Fund balance retention	537,817				537,817
Unassigned	<u>1,163,780</u>				<u>1,163,780</u>
	<u>\$ 3,639,791</u>	<u>\$ 1,398</u>	<u>\$ 91,575</u>	<u>\$ 451,681</u>	<u>\$ 4,184,445</u>

NOTE 14—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, 2022, 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.

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

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, 2022.

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 15—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.

NOTE 16—RESTATEMENT OF EQUITY

Governmental Funds

During the year ended June 30, 2022, management determined that certain District assets met the definition for reporting within the Student Activities Fund, a Nonmajor Governmental Fund.

SANBORN REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

Additionally, management determined that amounts previously reported as advances from grantors within the Grants Fund had been understated, as previously reported.

Fund balances of the Grants Fund and the Nonmajor Governmental Funds as of July 1, 2021 have been restated as follows:

	Grants <u>Fund</u>	Nonmajor Governmental <u>Funds</u>
Fund Balance - July 1, 2021 (as previously reported)	\$ 46,414	\$ 408,812
Amount of restatement due to:		
Reclassification of cash		33,198
Understatement of advances from grantors	(39,336)	
Fund Balance - July 1, 2021, as restated	<u>\$ 7,078</u>	<u>\$ 442,010</u>

Government-Wide Statements

The impacts of the above restatements on the net position of the governmental activities as of July 1, 2021 are as follows:

	Governmental <u>Activities</u>
Net Position - July 1, 2021 (as previously reported)	\$ (6,269,938)
Amount of restatement due to:	
Reclassification of cash	33,198
Understatement of advances from grantors	(39,336)
Net Position - July 1, 2021, as restated	<u>\$ (6,276,076)</u>

NOTE 17—SUBSEQUENT EVENT

Subsequent to year end the District executed a lease agreement for the use of office space for the period of July 1, 2022 through June 30, 2027. Monthly payments under the terms of the lease range from \$6,750 in the initial year to \$7,815 in the final year of the agreement. Payments under the terms of the lease include real estate taxes, insurance, repairs, maintenance, utilities and common charges.

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 24,209,158	\$ 24,209,158	\$ 24,209,158	\$ -
Intergovernmental	4,176,327	4,176,327	4,269,477	93,150
Tuition	4,000,000	4,000,000	3,860,389	(139,611)
Interest income	5,000	5,000	7,847	2,847
Miscellaneous	41,393	41,393	102,887	61,494
Total Revenues	<u>32,431,878</u>	<u>32,431,878</u>	<u>32,449,758</u>	<u>17,880</u>
Expenditures:				
Current operations:				
Instruction	20,242,076	20,064,232	18,886,043	1,178,189
Supporting services	3,398,793	3,382,144	3,100,434	281,710
General administration	3,680,039	3,677,847	3,573,633	104,214
Operation and maintenance of plant	2,785,064	2,966,163	3,505,101	(538,938)
Pupil transportation	1,565,555	1,566,761	1,285,806	280,955
Centralized services	741,050	755,430	835,423	(79,993)
Debt service:				
Principal retirement	1,008,331	1,008,331	1,008,331	-
Interest and fiscal charges	1,293,058	1,293,058	1,293,058	-
Total Expenditures	<u>34,713,966</u>	<u>34,713,966</u>	<u>33,487,829</u>	<u>1,226,137</u>
Excess of revenues over (under) expenditures	<u>(2,282,088)</u>	<u>(2,282,088)</u>	<u>(1,038,071)</u>	<u>1,244,017</u>
Other financing sources (uses):				
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total Other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balance	(2,382,088)	(2,382,088)	(1,138,071)	1,244,017
Fund Balance at beginning of year				
- Budgetary Basis	<u>3,051,532</u>	<u>3,051,532</u>	<u>3,051,532</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 669,444</u>	<u>\$ 669,444</u>	<u>\$ 1,913,461</u>	<u>\$ 1,244,017</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, 2022

Measurement Period Ended	Cost-Sharing Multiple Employer Plan Information Only				
	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2022	0.44954109%	\$ 1,698,757	\$ 15,464,519	10.98%	10.64%
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%
June 30, 2015	*	*	*	*	*
June 30, 2014	*	*	*	*	*
June 30, 2013	*	*	*	*	*

* 10 Year schedule, historical information not available

Measurement Periods	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, 2022	2.00%	5.40%	6.75%	Pub-2010	MP-2019
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, 2022

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, 2022	\$ 189,297	\$ (189,297)	\$ -	\$ 15,464,519	1.22%
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%
June 30, 2015	*	*	*	*	*
June 30, 2014	*	*	*	*	*
June 30, 2013	*	*	*	*	*

* 10 Year schedule, historical information not available

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, 2022

Single Employer Plan Information Only										
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total OPEB Liability:										
Service cost	\$ 370,758	\$ 362,919	\$ 271,025	\$ 261,860	\$ 350,811	\$ 343,932	*	*	*	*
Interest	166,557	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	(418,541)	(409,692)	(503,569)	(486,540)	(372,462)	(338,545)	*	*	*	*
Net changes	118,774	1,897,193	(29,517)	166,352	107,619	158,428	*	*	*	*
Total OPEB Liability at beginning of year	7,920,238	6,023,045	6,052,562	5,886,210	5,778,591	5,620,163	*	*	*	*
Total OPEB Liability at end of year	<u>\$ 8,039,012</u>	<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	\$14,464,784	\$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	55.58%	56.12%	43.41%	44.50%	35.45%	35.50%	*	*	*	*
Significant Actuarial Assumptions										
Discount rate	2.16%	2.16%	3.50%	3.50%	2.85%	2.85%	*	*	*	*
Health cost trend rates:										
Initial	1.87% - 2021	1.87% - 2021	9.5% - 2019	9.5% - 2019	5.82% - 2017	5.82% - 2017	*	*	*	*
Ultimate	4.04% - 2089	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	SOA RP-2014	RP-2000	RP-2000	*	*	*	*
Mortality improvement scale	MP-2021	MP-2021	MP-2018	MP-2018	Scale AA	Scale AA	*	*	*	*

* 10 Year schedule, historical information not available

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, 2022

<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, 2022	0.48097007%	\$ 27,589,073	\$ 15,464,519	178.40%	65.12%
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, 2022	2.00%	5.40%	6.75%	Pub-2010	MP-2019
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, 2022

<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, 2022	\$ 2,784,889	\$ (2,784,889)	\$ -	\$ 15,464,519	18.01%
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, 2022

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 Sources	Expenditures and Other Financing Uses
Per Exhibit D	\$ 32,449,882	\$ 32,968,490
Encumbrances - June 30, 2022		1,011,747
Encumbrances - June 30, 2021		(492,408)
Budgetary transfers		100,000
Non-budgetary activity	(124)	
Per Schedule 1	<u>\$ 32,449,758</u>	<u>\$ 33,587,829</u>

Major Special Revenue Funds

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 or the Food Service 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, 2022 are as follows:

Nonspendable:	
Prepaid items	\$ 36,864
Committed for:	
Subsequent year expenditures	175,000
Assigned for:	
Fund balance retention	537,817
Unassigned	<u>1,163,780</u>
	<u>\$ 1,913,461</u>

SCHEDULE I
SANBORN REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE			
Pass Through Payments from New Hampshire Department of Education			
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	N/A	\$ 213,404
National School Lunch Program			
- School Lunch (Cash)	10.555	N/A	681,971
- COVID19 - School Lunch (Cash)	10.555	N/A	18,006
- Commodities (Non-cash)	10.555	N/A	50,159
			<u>750,136</u>
<i>Total Child Nutrition Cluster</i>			<u>963,540</u>
Total Department of Agriculture			<u>963,540</u>
DEPARTMENT OF EDUCATION			
Pass Through Payments from New Hampshire Department of Education			
Title I Grants to Local Educational Agencies	84.010	#20210994	8,078
Title I Grants to Local Educational Agencies	84.010	#20220310	113,035
			<u>121,113</u>
Pass Through Payments from New Hampshire Department of Education			
<i>Special Education Cluster (IDEA):</i>			
Special Education - Grants to States	84.027	#20211190	124,681
Special Education - Grants to States	84.027	#20220190	143,953
			<u>268,634</u>
Special Education - Preschool Grants	84.173	#20211190	9,658
Special Education - Preschool Grants	84.173	#20220190	1,353
			<u>11,011</u>
<i>Total Special Education Cluster (IDEA)</i>			<u>279,645</u>
Pass Through Payments from New Hampshire Department of Education			
Supporting Effective Instruction State Grants	84.367	#20211129	13,432
Supporting Effective Instruction State Grants	84.367	#20220486	6,296
			<u>19,728</u>
Pass Through Payments from New Hampshire Department of Education			
Student Support and Academic Enrichment Program	84.424	#20200436	23,269
Student Support and Academic Enrichment Program	84.424	#20211486	20,495
			<u>43,764</u>
Pass Through Payments from New Hampshire Department of Education			
COVID19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425D	#20211668	220,920
COVID19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425U	#20220884	74,189
			<u>295,109</u>
Total Department of Education			<u>759,359</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass Through Payments from New Hampshire Department of Education			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	#20220226	146,298
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	37,500
Total Department of Health and Human Services			<u>183,798</u>
Total Expenditures of Federal Awards			<u>\$ 1,906,697</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, 2022

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, 2022. 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 National School Lunch Program includes \$18,006 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, 2022, 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, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanborn Regional School District's financial statements are free from 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, 2023

**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

Opinion on Each Major Federal Program

We have audited the Sanborn Regional School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Sanborn Regional School District's major federal programs for the year ended June 30, 2022. The 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.

In our opinion, the 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Sanborn Regional School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Sanborn Regional School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Sanborn Regional School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Sanborn Regional School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Sanborn Regional School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Sanborn Regional School District 's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Sanborn Regional School District 's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Sanborn Regional School District 's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2023

**Sanborn Regional School District
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2022**

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

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, 2022

	<u>Facilities Revolving Fund</u>	<u>Student Activities Fund</u>	<u>Before and After School Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
ASSETS				
Cash and cash equivalents		\$ 268,104		\$ 268,104
Accounts receivable	\$ 38,155			38,155
Due from other funds	<u>127,741</u>		<u>\$ 17,681</u>	<u>145,422</u>
Total Assets	<u>165,896</u>	<u>268,104</u>	<u>17,681</u>	<u>451,681</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>\$ 165,896</u>	<u>\$ 268,104</u>	<u>\$ 17,681</u>	<u>\$ 451,681</u>
LIABILITIES				
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Committed	165,896		17,681	183,577
Assigned		<u>268,104</u>		<u>268,104</u>
Total Fund Balances	<u>165,896</u>	<u>268,104</u>	<u>17,681</u>	<u>451,681</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 165,896</u>	<u>\$ 268,104</u>	<u>\$ 17,681</u>	<u>\$ 451,681</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, 2022

	Facilities Revolving <u>Fund</u>	Student Activities <u>Fund</u>	Before and After School <u>Fund</u>	Total Nonmajor Special Revenue <u>Funds</u>
Revenues:				
Miscellaneous	\$ 219,085	\$ 158,173	\$ 35,522	\$ 412,780
Total Revenues	<u>219,085</u>	<u>158,173</u>	<u>35,522</u>	<u>412,780</u>
Expenditures:				
Current operations:				
Instruction	117,962	136,982	34,141	289,085
General administration			5,058	5,058
Operation and maintenance of plant	106,660		2,065	108,725
Pupil transportation			241	241
Total Expenditures	<u>224,622</u>	<u>136,982</u>	<u>41,505</u>	<u>403,109</u>
Net change in fund balances	(5,537)	21,191	(5,983)	9,671
Fund Balances at beginning of year, as restated	<u>171,433</u>	<u>246,913</u>	<u>23,664</u>	<u>442,010</u>
Fund Balances at end of year	<u>\$ 165,896</u>	<u>\$ 268,104</u>	<u>\$ 17,681</u>	<u>\$ 451,681</u>