

INDEPENDENT AUDITOR'S REPORT

To the School Board
Sanborn Regional School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sanborn Regional School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sanborn Regional School District, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for other post-employment benefits, schedule of changes in the District's proportionate share of the net pension liability, and the schedule of District contributions, on pages i-vii and 30-35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sanborn Regional School District's basic financial statements. The 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is 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 7, 2018 on our consideration of Sanborn Regional School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is 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 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.

Vactor Chikley & Company PC

Manchester, New Hampshire
March 7, 2018

EXHIBIT C
SANBORN REGIONAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Federal Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 2,207,833			\$ 2,207,833
Investments	44,571			44,571
Accounts receivable	6,708	\$ 775	\$ 13,886	21,369
Due from other governments, net	706,853	391,928	10,018	1,108,799
Due from other funds	349,245		408,095	757,340
Prepaid expenses	107,183			107,183
Total Assets	<u>3,422,393</u>	<u>392,703</u>	<u>431,999</u>	<u>4,247,095</u>
Deferred Outflows of Resources:				
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 3,422,393</u>	<u>\$ 392,703</u>	<u>\$ 431,999</u>	<u>\$ 4,247,095</u>
Liabilities:				
Accounts payable	\$ 964,158		\$ 68,818	\$ 1,032,976
Accrued expenses	88,863			88,863
Advances from grantor	18,799	\$ 43,458		62,257
Unearned food service sales			11,196	11,196
Due to other funds	450,402	349,245		799,647
Total Liabilities	<u>1,522,222</u>	<u>392,703</u>	<u>80,014</u>	<u>1,994,939</u>
Deferred Inflows of Resources:				
Total Deferred Inflows of Resources	-	-	-	-
Fund balances:				
Nonspendable	107,183			107,183
Restricted	25,491		50,714	76,205
Committed	383,267		301,271	684,538
Assigned	1,384,230			1,384,230
Total Fund Balances	<u>1,900,171</u>	<u>-</u>	<u>351,985</u>	<u>2,252,156</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,422,393</u>	<u>\$ 392,703</u>	<u>\$ 431,999</u>	<u>\$ 4,247,095</u>

See accompanying notes to the basic financial statements

APPORTIONMENT OF 2018-2019 ASSESSMENT (ESTIMATED)
(Based on Deliberative Session)

The apportionment of school district assessment between Kingston and Newton is determined annually in accordance with the Articles of Agreement voted by the school district in 1965.

Based upon 2018-2019 Appropriations approved by the Deliberative Session: **\$35,148,007**

Reference Data:

Percent for Current Expenses:

	2015-2016 Resident ADM*	2015-2016 Percent
Kingston:	817.25	54.16%
Newton:	691.80	45.84%
	1,509.05	100.00%

Percent for Capital Outlay:

	Resident ADM*		Growth in ADM*		Percent
	2010-2011	2015-2016	2010-2011	2015-2016	2015-2016
Kingston:	883.69	817.25	(66.4)	750.81	54.07%
Newton:	745.78	691.80	(54.0)	637.82	45.93%
	1,629.47	1,509.05	(120.4)	1,388.63	100.00%

* Average Daily Membership of pupils in approved public schools in each community as determined annually by the New Hampshire Department of Education.

2018-2019 Proposed School District Budget

Current Expenses	\$32,840,621	
Less Revenue	(\$6,807,721)	
Net Current Expenses		\$26,032,900
Capital Outlay Expenses	\$2,307,386	
Less Revenue	(\$562,959)	
Net Capital Outlay Expenses		\$1,744,427
Less Adequate Education Grant		(3,091,670)

2018-2019 District Assessment Including State-wide Property Tax **\$24,685,657**

Kingston's Share

Current Expenses	54.1566%	\$14,098,531	
Capital Outlay Expenses	54.0684%	943,184	
Less: Adequate Education Grant		(1,586,693)	
			\$13,455,021

Newton's Share

Current Expenses	45.8434%	\$11,934,369	
Capital Outlay Expenses	45.9316%	801,243	
Less: Adequate Education Grant		(1,504,977)	
			\$11,230,636

Total **\$24,685,657**

Current Expenses:

Kingston:	\$26,032,900	times	54.1566%	\$14,098,531
Newton:	\$26,032,900	times	45.8434%	<u>\$11,934,369</u>
				\$26,032,900

Capital Outlay :

Kingston:	\$1,744,427	times	54.0684%	\$943,184
Newton:	\$1,744,427	times	45.9316%	<u>\$801,243</u>
				\$1,744,427

	Kingston	Newton	Total
Current Expenses Assessment:	\$14,098,531	\$11,934,369	\$26,032,900
Capital Expenses Assessment:	\$943,184	\$801,243	\$1,744,427
Less: Adequate Education Grant	<u>(1,586,693)</u>	<u>(1,504,977)</u>	<u>(3,091,670)</u>
Net Assessment (to be raised by taxes)	\$13,455,021	\$11,230,636	\$24,685,657

Proof of Apportionment

Total Appropriations (Current Expenses and Capital Outlay): \$35,148,007

Total Revenue:

Current Expense:	\$6,807,721
Capital Outlay:	\$562,959
Pre-existing district credits:	3,091,670
To be raised by taxes:	<u>\$24,685,657</u>
	<u><u>\$35,148,007</u></u>

**Sanborn Regional School District
Treasurer's Report Fiscal Year Ending 6/30/2017**

Opening Cash (as of 7/1/16)	\$1,494,232.46
Cash Receipts	
1. Adequacy	\$3,511,929.79
2. Local Property Taxes	
a. Kingston	\$11,168,444.00
b. Newton	\$9,727,131.00
3. Statewide Property Tax	
a. Kingston	\$1,548,182.00
b. Newton	\$1,088,955.00
4. Other Receipts	\$7,692,109.64
Total Receipts	<hr/> \$34,736,751.43
Less Total Expenditures	\$33,999,722.89
Ending Cash (as of 6/30/17)	<hr/> \$2,231,261.00
Less Investments	\$44,570.52
Plus Petty Cash	\$275.00
Plus Athletics	\$20,867.96
TOTAL CASH & CASH EQUIVALENTS	<hr/> \$2,207,833.44