

**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2021**

**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
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## **PLODZIK & SANDERSON**

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### ***INDEPENDENT AUDITOR'S REPORT***

To the Members of the School Board  
Souhegan Cooperative School District  
Amherst, New Hampshire

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

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and aggregate remaining fund information of the Souhegan Cooperative School District, as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the general fund 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 following be presented to supplement the basic financial statements:

- Management's Discussion and Analysis,
- Schedule of the School District's Proportionate Share of Net Pension Liability,

***Souhegan School District  
Independent Auditor's Report***

- Schedule of School District Contributions – Pensions,
- Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability,
- Schedule of School District Contributions – Other Postemployment Benefits,
- Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

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.

**Other Information** – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Souhegan Cooperative School District's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Plodzik & Sanderson  
Professional Association*

March 25, 2022

**Souhegan Cooperative School District  
Management's Discussion and Analysis (MD&A)  
Of the Annual Financial Report for the Year Ended June 30, 2021**

## **INTRODUCTION**

The Superintendent of Schools and Business Administrator of New Hampshire School Administrative Unit (SAU) #39, as management of the Souhegan Cooperative School District (the District), offers this Management's Discussion and Analysis of the financial activities of the District for the fiscal year which ended June 30, 2021. Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly present the District's financial position, and the result of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an accurate understanding of the District's financial activities have been included. Comparative summary financial information is shown here, as is required, and contains meaningful information relating to the District's finances and changes in financial position. Readers are encouraged to consider the information presented here in conjunction with additional information found within the body of the annual financial statements.

The SAU is responsible for establishing an accounting and internal control structure for the District, which is designed to ensure that the physical, data, informational, intellectual, and human resource assets are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained.

## **FINANCIAL HIGHLIGHTS**

- The District's total net position on June 30, 2021 was (\$7,878,893). This was a decrease in Total Net Position of \$1,105,401 from the previous fiscal year, as restated. Per Note 13 Total Net Position consists of:
  - \$7,489,601 in capital assets- a decrease of \$298,793
  - (\$15,368,494) unrestricted net position balance- a decrease of \$806,608
- Governmental funds reported combined ending fund balances of \$2,513,158, an increase of \$920,364 from the previous fiscal year, as restated. See Note 14.
  - General Governmental Funds, which include the General Fund and Trust Fund, ends the year with a fund balance of \$2,281,045, an increase of \$901,625.
  - Other Nonmajor Governmental Funds, which includes the Food Service Fund, Grants Fund, Student Activity Funds, and Recreation Revolving

- Fund, ends the year with a balance of \$232,113, an increase of \$18,739 from the previous fiscal year.
- The District's non-current portion of long-term obligations is \$23,060,418. These liabilities reflect a reduction in net position consisting of:
    - \$972,143 in compensated absences
    - \$18,338,127 in net pension liability
    - \$3,750,148 in other postemployment benefits
  - The Souhegan Cooperative School District paid off all bond debt in this fiscal year.

## OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

**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, and to provide both long-term and short-term information.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. This statement of net position includes debt and contractual obligations as elements of the liabilities of the District.

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 timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods. Growth in net position over time can generally be expected to reflect improving financial condition, while decline would indicate weakening financial condition.

**Fund Financial Statements.** The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues.

The General Fund, Food Service Fund, Grants Fund, and Student Activity Fund are consolidated as Governmental Funds. The fund's expenditures are compared to budget in

the Budgetary Comparison Statements. All Food Service revenues are expended on program operations and the Grants Fund revenues are spent mainly on instruction.

**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.

#### **NET POSITION**

The Districts negative net position is due to the School District's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which requires the School District to report their proportionate share of the New Hampshire Retirement System's liability based upon their plan contributions for the year.

The table below provides a summary of the change in net position for fiscal year 2021 compared to fiscal year 2020:

#### **Summary of Net Position Governmental Activities**

	June 30, <u>2021</u>	June 30, <u>2020</u>
Current and Other Assets	\$ 3,062,633	\$ 2,131,791
Capital Assets	<u>7,489,601</u>	<u>7,957,598</u>
Total Assets	10,552,234	10,089,389
 Deferred Outflows of Resources	 5,879,712	 3,184,318
 Current Liabilities	 535,872	 522,518
Other Liabilities	<u>23,101,801</u>	<u>18,335,294</u>
Total Liabilities	23,637,673	18,857,812
 Deferred Inflows of Resources	 673,166	 1,189,387
 Net Position:		
Net Investment in Capital Assets	7,489,601	7,788,394
Unrestricted	<u>(15,368,494)</u>	<u>(14,561,886)</u>
Total Net Position	\$ (7,878,893)	\$ (6,773,492)

**Changes in Net Position.** The District's total revenue was \$19,409,432 with the total expenses \$20,514,833, results in a decrease of net position of \$1,105,401. The majority of the District's revenue (75.2%) came from the local tax. The majority of the District's expenses (61.6%) were for instruction.

**Summary of Changes in Net Position  
Governmental Activities**

	June 30, <u>2021</u>	June 30, <u>2020</u>
<b>Revenues:</b>		
<b>Program Revenue:</b>		
Charges for Services	\$ 239,077	\$ 417,057
Operating Grants and Contributions	814,146	635,469
<b>General Revenue:</b>		
School District Assessment	14,598,203	12,780,409
Grants and contributions not restricted to specific programs	3,180,313	3,050,641
Interest	62,358	20,912
Miscellaneous	515,335	615,674
Total Revenues	<u>19,409,432</u>	<u>17,520,162</u>
<b>Expenses:</b>		
Instruction	12,633,249	11,305,516
Student Services	2,075,302	1,697,287
Instructional Staff	496,717	521,245
General Administration	73,310	128,619
Executive Administration	1,069,505	1,005,679
School Administration	806,377	875,938
Business	162	462
Operation and Maintenance of Plant	2,271,767	1,966,232
Student Transportation	415,039	461,195
Other	331,625	427,732
Food Service	341,780	427,958
Total Expenses	<u>20,514,833</u>	<u>18,817,863</u>
Change in Net Position	(1,105,401)	(1,297,701)
Net Position, beginning, as restated	(6,773,492)	(5,475,791)
Net Position, ending	<u>\$ (7,878,893)</u>	<u>\$ (6,773,492)</u>



## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

On June 30, 2021, the District reported capital assets of \$7,489,601 (net of accumulated depreciation), which consists of a broad range of capital assets, including building improvements, and machinery, equipment & furniture. More detailed information about the District's capital assets is presented in the notes to the financial statements. See Note 1-F and Note 5.

### **Long-Term Liabilities**

Compensated absences had a net increase in potential future payments of \$2,445. Liabilities for other post-employment benefits had a net increase in potential future payments of \$186,935, and net pension had a net increase in potential future liability of \$4,746,331. More detailed information about the District's long term liabilities is presented in the notes to the financial statements. See Note 9.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Adam Steel, Superintendent, at (603) 673-2690 or by mail at:

Souhegan Cooperative School District  
ATTN: Business Office  
PO Box 849  
Amherst, NH 03031

## ***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
*Statement of Net Position*  
*June 30, 2021*

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,133,697
Other receivables	3,811
Intergovernmental receivable	925,125
Capital assets, not being depreciated	1,949,231
Capital assets, net of accumulated depreciation	5,540,370
Total assets	<u>10,552,234</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	4,890,795
Amounts related to other postemployment benefits	988,917
Total deferred outflows of resources	<u>5,879,712</u>
<b>LIABILITIES</b>	
Accounts payable	198,963
Accrued salaries and benefits	124,201
Intergovernmental payable	212,708
Noncurrent obligations:	
Due within one year	41,383
Due in more than one year	23,060,418
Total liabilities	<u>23,637,673</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - received in advance	1,043
Unavailable revenue - grants	12,560
Amounts related to pensions	515,293
Amounts related to other postemployment benefits	144,270
Total deferred inflows of resources	<u>673,166</u>
<b>NET POSITION</b>	
Net investment in capital assets	7,489,601
Unrestricted	<u>(15,368,494)</u>
Total net position	<u>\$ (7,878,893)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT B**  
**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
*Statement of Activities*  
*For the Fiscal Year Ended June 30, 2021*

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change in
	Expenses	Services	Contributions	Net Position
Governmental activities:				
Instruction	\$ 12,633,249	\$ 134,005	\$ 532,117	\$ (11,967,127)
Support services:				
Student	2,075,302	-	21,729	(2,053,573)
Instructional staff	496,717	-	41,912	(454,805)
General administration	73,310	-	1,940	(71,370)
Executive administration	1,069,505	-	-	(1,069,505)
School administration	806,377	-	-	(806,377)
Business	162	-	-	(162)
Operation and maintenance of plant	2,271,767	43,839	125,561	(2,102,367)
Student transportation	415,039	-	16,018	(399,021)
Other	331,625	-	-	(331,625)
Noninstructional services	341,780	61,233	74,869	(205,678)
Total governmental activities	<u>\$ 20,514,833</u>	<u>\$ 239,077</u>	<u>\$ 814,146</u>	<u>(19,461,610)</u>
General revenues and contributions:				
School district assessment				14,598,203
Grants and contributions not restricted to specific programs				3,180,313
Interest				62,358
Miscellaneous				515,335
Total general revenues and contributions				<u>18,356,209</u>
Change in net position				(1,105,401)
Net position, beginning				<u>(6,773,492)</u>
Net position, ending				<u>\$ (7,878,893)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT C-1**  
**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
*Governmental Funds*  
*Balance Sheet*  
*June 30, 2021*

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,919,377	\$ 214,320	\$ 2,133,697
Receivables:			
Accounts	3,785	26	3,811
Intergovernmental	821,156	103,969	925,125
Interfund receivables	53,683	-	53,683
Total assets	<u>\$ 2,798,001</u>	<u>\$ 318,315</u>	<u>\$ 3,116,316</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 179,004	\$ 19,959	\$ 198,963
Accrued salaries and benefits	124,201	-	124,201
Intergovernmental payable	212,708	-	212,708
Interfund payable	-	53,683	53,683
Total liabilities	<u>515,913</u>	<u>73,642</u>	<u>589,555</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - received in advance	1,043	-	1,043
Unavailable revenue - grants	-	12,560	12,560
Total deferred inflows of resources	<u>1,043</u>	<u>12,560</u>	<u>13,603</u>
<b>FUND BALANCES</b>			
Committed	901,374	78,223	979,597
Assigned	321,180	153,890	475,070
Unassigned	1,058,491	-	1,058,491
Total fund balances	<u>2,281,045</u>	<u>232,113</u>	<u>2,513,158</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,798,001</u>	<u>\$ 318,315</u>	<u>\$ 3,116,316</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT C-2**  
**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
*Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position*  
**June 30, 2021**

Total fund balances of governmental funds (Exhibit C-1)		\$ 2,513,158
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 22,013,277	
Less accumulated depreciation	<u>(14,523,676)</u>	
		7,489,601
Pension and other postemployment benefits (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 4,890,795	
Deferred inflows of resources related to pensions	(515,293)	
Deferred outflows of resources related to OPEB	988,917	
Deferred inflows of resources related to OPEB	<u>(144,270)</u>	
		5,220,149
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (53,683)	
Payables	<u>53,683</u>	
		-
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Compensated absences	\$ 1,013,526	
Net pension liability	18,338,127	
Other postemployment benefits	<u>3,750,148</u>	
		(23,101,801)
Net position of governmental activities (Exhibit A)		<u><u>\$ (7,878,893)</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT C-3**  
**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2021**

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
School district assessment	\$14,598,203	\$ -	\$14,598,203
Other local	419,874	406,086	825,960
State	3,442,307	1,531	3,443,838
Federal	57,733	483,698	541,431
Total revenues	<u>18,518,117</u>	<u>891,315</u>	<u>19,409,432</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	10,616,812	545,083	11,161,895
Support services:			
Student	1,880,650	21,729	1,902,379
Instructional staff	419,936	41,912	461,848
General administration	60,959	1,940	62,899
Executive administration	1,049,634	-	1,049,634
School administration	738,159	-	738,159
Business	162	-	162
Operation and maintenance of plant	1,775,775	125,561	1,901,336
Student transportation	415,039	-	415,039
Other	310,661	-	310,661
Noninstructional services	-	325,910	325,910
Debt service:			
Principal	155,000	-	155,000
Interest	4,146	-	4,146
Total expenditures	<u>17,426,933</u>	<u>1,062,135</u>	<u>18,489,068</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,091,184</u>	<u>(170,820)</u>	<u>920,364</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	189,559	189,559
Transfers out	(189,559)	-	(189,559)
Total other financing sources (uses)	<u>(189,559)</u>	<u>189,559</u>	<u>-</u>
Net change in fund balances	901,625	18,739	920,364
Fund balances, beginning as restated (see Note 15)	1,379,420	213,374	1,592,794
Fund balances, ending	<u>\$ 2,281,045</u>	<u>\$ 232,113</u>	<u>\$ 2,513,158</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT C-4**  
**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
*Reconciliation of the Statement of Revenues, Expenditures, and*  
*Changes in Fund Balances - Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2021*

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ 920,364
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 488,695	
Depreciation expense	<u>(827,226)</u>	
		(338,531)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase/decrease net position.		(129,466)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ 189,559	
Transfers out	<u>(189,559)</u>	
		-
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal repayment of bond	\$ 155,000	
Amortization of bond premium	<u>14,204</u>	
		169,204
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 3,098	
Increase in compensated absences payable	(2,445)	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	(1,292,978)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(434,647)</u>	
		(1,726,972)
Change in net position of governmental activities (Exhibit B)		<u><u>\$ (1,105,401)</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.



**EXHIBIT D**  
**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
School district assessment	\$14,598,203	\$ 14,598,203	\$ 14,598,203	\$ -
Other local	74,468	74,911	268,120	193,209
State	3,362,656	3,362,656	3,442,307	79,651
Federal	-	-	57,733	57,733
Total revenues	18,035,327	18,035,770	18,366,363	330,593
<b>EXPENDITURES</b>				
Current:				
Instruction	11,245,619	11,257,902	10,512,301	745,601
Support services:				
Student	1,693,252	1,703,446	1,880,650	(177,204)
Instructional staff	556,785	557,228	419,936	137,292
General administration	63,271	62,771	58,298	4,473
Executive administration	1,016,058	1,016,058	1,049,634	(33,576)
School administration	796,886	796,886	738,159	58,727
Business	1,500	1,500	162	1,338
Operation and maintenance of plant	1,306,334	1,701,686	1,821,994	(120,308)
Student transportation	677,095	677,095	415,039	262,056
Other	371,002	371,002	310,661	60,341
Debt service:				
Principal	155,000	155,000	155,000	-
Interest	4,147	4,147	4,146	1
Total expenditures	17,886,949	18,304,721	17,365,980	938,741
Excess (deficiency) of revenues over (under) expenditures	148,378	(268,951)	1,000,383	1,269,334
<b>OTHER FINANCING USES</b>				
Transfers out	(148,378)	(148,378)	(289,559)	(141,181)
Net change in fund balance	\$ -	\$ (417,329)	710,824	\$ 1,128,153
Increase in committed fund balance			(85,000)	
Unassigned fund balance, beginning, as restated (see Note 15)			432,667	
Unassigned fund balance, ending			\$ 1,058,491	

The Notes to the Basic Financial Statements are an integral part of this statement.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Souhegan Cooperative School District, in Amherst, New Hampshire (the School District), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**1-A Reporting Entity**

The Souhegan Cooperative School District is a municipal corporation governed by an elected 7-member School Board. In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The School District has no component units to include in its reporting entity.

The following is a summary of the more significant accounting policies:

**1-B Government-wide and Fund Financial Statements**

**Government-wide Financial Statements** – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government. Generally, the effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported through assessments and intergovernmental revenues.

The *Statement of Net Position* presents the financial position of the School District at year-end. This Statement includes all of the School District's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational requirements of a particular function. Assessments and other items not meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue.

**Fund Financial Statements** – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds, and are presented in the other governmental column of the fund financial statements.

In the governmental fund financial statements, expenditures are reported by character: current, support services, debt services, or noninstructional. Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Debt service includes both interest and principal outlays related to bonds. Capital outlay includes expenditures for equipment, real property, or infrastructure.

**Other Financing Sources (Uses)** – These additions to and reductions from resources in governmental fund financial statements normally result from transfers from/to other funds. Transfers are reported when incurred as "transfers in" by the receiving fund and as "transfers out" by the disbursing fund.

**1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Measurement Focus and Basis of Accounting** – The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement based grants, which use a period of one year. District assessments,

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intergovernmental revenue, and other local sources associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**Financial Statement Presentation** – A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

The School District reports the following major governmental fund:

**General Fund** – is the School District's primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include district assessments, state and federal grants, and other local sources. The primary expenditures are for instruction, support services, and debt service. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the other student funds, district's portion of student activity funds, athletic account, and expendable trust funds are consolidated in the general fund.

**Nonmajor Funds** – The School District also reports four nonmajor governmental funds.

***1-D Cash and Cash Equivalents***

The School District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and cash equivalents."

New Hampshire statutes require that the School District treasurer have custody of all money belonging to the School District and pay out the same only upon orders of the School Board. The treasurer shall deposit all such monies in participation units in the public deposit investment pool established pursuant to NH RSA 383:22 or in solvent banks in the State. Funds may be deposited in banks outside the State if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

***1-E Receivables***

Receivables in the government-wide and governmental fund financial statements represent amounts due to the School District at June 30, recorded as revenue, which will be collected in the future and consist primarily of accounts and intergovernmental receivables.

***1-F Capital Assets***

Capital assets are reported in the governmental activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015, are recorded at acquisition value. The School District has established a threshold of \$10,000 or more and an estimated useful life in excess of five years for capitalization of depreciable assets.

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

The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the School District as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position.

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In the government-wide financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included in income.

Capital assets of the School District are depreciated using the straight-line method over the following estimated useful lives:

<b>Capital Asset Class:</b>	<b>Years</b>
Land improvements	20
Buildings and building improvements	10-30
Equipment and vehicles	5-20

***1-G Interfund Activities***

Interfund activities are reported as follows:

***Interfund Receivables and Payables*** – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

***Interfund Transfers*** – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

***1-H Accounts Payable***

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2021.

***1-I Deferred Outflows/Inflows of Resources***

***Deferred outflows of resources***, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then.

***Deferred inflows of resources***, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

***1-J Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums are deferred and amortized over the life of the bond using the straight-line method. Bonds payables are reported net of the bond premium.

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, the School District utilizes the following classifications to categorize the financial transaction:

**Direct Placements** – financial transactions for the sale of bonds where the School District engages with a single buyer or limited number of buyers without a public offering.

***1-K Compensated Absences***

General leave for the School District includes 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 retirement or termination, employees are paid full value for any accrued general leave earned as set forth by the School District's personnel policy.

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

***1-L Defined Benefit Pension Plan***

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

***1-M Postemployment Benefits Other Than Pensions (OPEB)***

The School District maintains two separate other postemployment benefit plans, as follows:

***New Hampshire Retirement System Plan*** – For the purposes of measuring the total other postemployment benefit (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 OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

***Single Employer Plan*** – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the School District's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

***1-N Net Position/Fund Balances***

Government-wide statements – Equity is classified as net position and displayed in two components:

**Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation.

**Unrestricted Net Position** – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

***Fund Balance Classifications*** – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

**Committed** – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (School District Meeting). These amounts cannot be used for any other purpose 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.

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**Assigned** – Amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or through the Board delegating this responsibility to the Superintendent or Business Administrator through the budgetary process.

**Unassigned** – The portion of fund balance that has not been restricted, committed, or assigned for a specific purpose.

When multiple net position/fund balance classifications are available for use, it is the School District’s policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

***1-O Use of Estimates***

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include assessing the collectability of accounts receivable, the useful lives of capital assets, net pension liability, other postemployment benefit liability, and deferred outflows and inflows of resources related to both pension and other postemployment benefits among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

***1-P Material Change in Classification***

The accompanying financial statements reflect a change in classification from the prior year. Specifically, the food service fund which accounts for the operation of the School District’s food service program did not qualify as a major fund for the current fiscal year. As such it was reclassified to the nonmajor governmental funds.

***NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY***

***2-A Budgetary Information***

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the School District’s operations. At its annual meeting, the School District adopts a budget for the current year for the general fund, as well as the nonmajor food service and grants fund. Except as reconciled below, the budget was adopted on a basis consistent with United States generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2021, \$417,329 was approved for the purpose of covering unanticipated costs due to the School District’s response to the Coronavirus per Executive Order No. 38.

***2-B Budgetary Reconciliation to GAAP Basis***

While the School District reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual is presented for each major governmental fund which had a budget.

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Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues:	
Per Exhibit D (budgetary basis)	\$18,366,363
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Other local revenue of the blended funds	151,754
Per Exhibit C-3 (GAAP Basis)	<u>\$18,518,117</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$17,655,539
Adjustments:	
Basis difference:	
Encumbrances, beginning	253,071
Encumbrances, ending	(313,440)
GASB Statement No. 54:	
To remove transfer from the general fund to the blended expendable trust fund	(100,000)
Expenditures of the blended funds	121,322
Per Exhibit C-3 (GAAP basis)	<u>\$17,616,492</u>

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The School District's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the School District's agent in the School District's name. The FDIC currently insures the first \$250,000 of the School District's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by collateral. As of year-end, the carrying amount of the School District's deposits was \$2,132,897 and the bank balances totaled \$2,757,891. Petty cash totaled \$800.

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2021, consisted of accounts and intergovernmental amounts arising from grants, school lunch program, and expendable trust funds held by the Town of Amherst Trustees of Trust Funds for the School District. Receivables are recorded on the School District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 consisted of the following:

	Balance, beginning	Additions	Retirements	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 1,949,231	\$ -	\$ -	\$ 1,949,231
Construction in progress	15,660	-	(15,660)	-
Total capital assets not being depreciated	<u>1,964,891</u>	<u>-</u>	<u>(15,660)</u>	<u>1,949,231</u>

*(Continued)*



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*Capital assets continued:*

	Balance, beginning	Additions	Retirements	Balance, ending
Being depreciated:				
Land improvements	1,345,758	-	(23,144)	1,322,614
Buildings and building improvements	17,223,179	488,695	(79,881)	17,631,993
Equipment and vehicles	1,456,051	15,660	(362,272)	1,109,439
Total capital assets being depreciated	20,024,988	504,355	(465,297)	20,064,046
Total capital assets	21,989,879	504,355	(480,957)	22,013,277
Less accumulated depreciation:				
Land improvements	(302,448)	(119,517)	8,107	(413,858)
Buildings and building improvements	(13,001,663)	(562,681)	27,242	(13,537,102)
Equipment and vehicles	(728,170)	(145,028)	300,482	(572,716)
Total accumulated depreciation	(14,032,281)	(827,226)	335,831	(14,523,676)
Net book value, capital assets being depreciated	5,992,707	(322,871)	(129,466)	5,540,370
Net book value, all capital assets	\$ 7,957,598	\$ (322,871)	\$ (145,126)	\$ 7,489,601

Depreciation expense was charged to functions of the School District based on their usage of the related assets. The amounts allocated to each function are as follows:

Instruction	\$ 59,423
Support services:	
General administration	9,283
Operation and maintenance of plant	739,692
Other support	17,913
Noninstructional services	915
Total depreciation expense	<u>\$ 827,226</u>

**NOTE 6 – INTERFUND BALANCES AND TRANSFERS**

Interfund receivable and payable balances at June 30, 2021 are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	<u>\$ 53,683</u>

Interfund transfers during the year ended June 30, 2021 are as follows:

	Transfers In:
	Nonmajor
	Funds
Transfers out:	
General fund	<u>\$ 189,559</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (2) use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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**NOTE 7 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments of \$212,708 at June 30, 2021 consist of the following:

Balance due to the School Administrative Unit No. 39	\$157,823
Balance due to the Town of Amherst	45,351
Balance due to the Milford School District	3,304
Balance due to the Amherst School District	2,826
Balance due to the Nashua School District	1,805
Balance due to the Hudson School District	1,599
Total intergovernmental payables due	<u>\$212,708</u>

**NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources at June 30, 2021 consist of amounts related to pensions totaling \$4,890,795 and amounts related to OPEB totaling \$988,917. For further discussion on these amounts, see Notes 10 and 11, respectively.

Deferred inflows of resources at June 30, 2021 consist of the following:

	Governmental Activities	General Fund	Nonmajor Governmental Funds
Miscellaneous revenue received in advance of eligible expenditures being made	\$ 1,043	\$1,043	\$ -
Federal grant revenue collected in advance of eligible expenditures being made	12,560	-	12,560
Amounts related to pensions, see Note 10	515,293	-	-
Amounts related to OPEB, see Note 11	144,270	-	-
Total deferred inflows of resources	<u>\$ 673,166</u>	<u>\$1,043</u>	<u>\$ 12,560</u>

**NOTE 9 – LONG-TERM LIABILITIES**

Changes in the School District's long-term liabilities consisted of the following for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year	Due In More Than One Year
Bond payable:						
Direct placement	\$ 155,000	\$ -	\$ (155,000)	\$ -	\$ -	\$ -
Premium	14,204	-	(14,204)	-	-	-
Total bond payable	169,204	-	(169,204)	-	-	-
Compensated absences	1,011,081	2,445	-	1,013,526	41,383	972,143
Pension related liability	13,591,796	4,746,331	-	18,338,127	-	18,338,127
Net other postemployment benefits	3,563,213	186,935	-	3,750,148	-	3,750,148
Total long-term liabilities	<u>\$18,335,294</u>	<u>\$ 4,935,711</u>	<u>\$ (169,204)</u>	<u>\$23,101,801</u>	<u>\$ 41,383</u>	<u>\$23,060,418</u>

The final payments on the bond payable were due in 2021 and consist of \$155,000 principal and \$4,146 interest, for a total of \$159,146.

All debt is general obligation debt of the School District, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

**NOTE 10 – DEFINED BENEFIT PENSION PLAN**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries.

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Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

**Benefits Provided** – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). 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.

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 benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (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 1/1/12 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 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
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%

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances, subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

**Contributions** – The System is financed by contributions from both the employees and the School District. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. For fiscal year 2021, the School District contributed 15.99% for teachers and 10.88% for other employees. The contribution requirement for the fiscal year 2021 was \$1,255,068, which was paid in full.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At June 30, 2021, the School District reported a liability of \$18,338,127 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the School District's proportion was 0.29% which was an increase of 0.01% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized pension expense of \$2,548,604. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 211,373	\$ 318,394
Net difference between projected and actual investment earnings on pension plan investments	1,134,233	-
Changes in assumptions	1,814,005	-
Differences between expected and actual experience	495,218	196,899
Contributions subsequent to the measurement date	1,235,966	-
Total	\$ 4,890,795	\$ 515,293

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The \$1,235,966 reported as deferred outflows of resources related to pensions results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2021	\$ 505,505
2022	844,206
2023	902,121
2024	887,704
Thereafter	-
Totals	<u>\$3,139,536</u>

**Actuarial Assumptions** – The collective total pension liability was determined by an actuarial performed as of June 30, 2019, rolled forward to June 30, 2020, using the following assumptions:

Inflation:	2.0% per year
Wage inflation:	2.75% per year (2.25% for Teachers)
Salary increases:	5.6% 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, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

**Long-term Rates of Return** – The long-term expected rate of return on pension plan investment 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 rate 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 long-term rates of return for 2020:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2020</u>
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	<u>100.00%</u>	

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**Discount Rate** – The discount rate used to measure the collective total 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 service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan’s actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

**Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following table presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 6.75% as well as what the School 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 (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$23,740,411	\$ 18,338,127	\$13,923,746

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**11-A New Hampshire Retirement System (NHRS)**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2019 Comprehensive Annual Financial Report, which can be found on the system’s website at [www.nhrs.org](http://www.nhrs.org).

**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 four membership types are Group II, Police Officers and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator 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. The OPEB plan is closed to new entrants.

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

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

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

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**Contributions** – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2020, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2021, the School District contributed 1.81% for teachers and 0.29% for other employees. The contribution requirement for the fiscal year 2021 was \$124,611, which was paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – At June 30, 2021, the School District reported a liability of \$1,204,715 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The School District's proportion of the net OPEB liability was based on a projection of the School District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the School District's proportion was 0.28% which was an increase of 0.03% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized OPEB expense of \$197,047. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 12,416	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	4,508	-
Changes in assumptions	7,746	-
Differences between expected and actual experience	-	3,491
Contributions subsequent to the measurement date	124,611	-
Total	<u>\$ 149,281</u>	<u>\$ 3,491</u>

The \$124,611 reported as deferred outflows of resources related to OPEB results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2021	\$ 17,013
2022	1,334
2023	1,591
2024	1,241
Thereafter	-
Totals	<u>\$ 21,179</u>

**Actuarial Assumptions** – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2019 and a measurement date of June 30, 2020. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:	2.0% per year
Wage inflation:	2.75% per year (2.25% for Teachers)
Salary increases:	5.6% average, including inflation
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation
Health care trend rate:	Not applicable, given that the benefits are fixed stipends

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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, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

**Long-term Rates of Return** – The long-term expected rate of return on OPEB plan investment 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 rate 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 long-term rates of return for 2020:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2020
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2020 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 that plan member contributions will be made under RSA 100-A:16. 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 School District's Proportionate Share of the OPEB Liability to Changes in the Discount Rate** – The following table presents the School District's proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the School District's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 1,308,195	\$ 1,204,715	\$ 1,114,874

**Sensitivity of the School District's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rate** – GASB No. 75 requires the sensitivity of the Net OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are a fixed stipend, there is no sensitivity to the change in the healthcare cost trend assumption.

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**OPEB Plan Fiduciary Net Position** – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit OPEB Plan financial report.

**11-B Retiree Health Benefit Program**

**Plan Description** – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time. The School District OPEB plan is not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

The total OPEB liability is based on the School District offering retirees postemployment healthcare insurance governed by RSA 100-A:50. The retirees pay 100% of the premium cost to participate and are included in the same pool as the active members. The inclusion of the retirees in the same pool effects the insurance rates of the active employees as the rates for the retirees are assumed to be higher due to the age consideration, thereby creating an implicit rate subsidy.

**Funding Policy** – The School District’s funding policy for the implicit rate subsidy is a pay-as-you-go basis.

**Benefits Provided** – The School District provides postemployment medical benefits for certain eligible retirees. The benefits are provided through fully insured plans that are sponsored by a state-wide health insurance consortium. Retirees are required to continue to pay 100% of the cost of the premium for coverage elected.

**Employees Covered by Benefit Terms** – At July 1, 2019 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Active employees	116
Total participants covered by OPEB plan	<u>122</u>

**Total OPEB Liability** – The School District’s total OPEB liability of \$2,545,433 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019. The School District contract with an outside actuary to complete the actuarial valuation and schedule of changes in the total OPEB liability. Detailed information can be found in the separately issued report through request of the School District business office.

**Actuarial Assumptions and Other Inputs** – The total OPEB liability of \$2,545,433 in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	2.21%
Healthcare Cost Trend Rates:	
Current Year Trend	2.20%
Second Year Trend	6.30%
Decrement	0.50%
Ultimate Trend	1.80%
Year Ultimate Trend is Reached	2030
Salary Increases:	0.00%

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, 2020.

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2019 (Base year 2006).



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**Changes in the Total OPEB Liability**

	June 30,	
	2020	2021
Total OPEB liability beginning of year	\$ 1,800,499	\$2,456,316
Changes for the year:		
Service cost	106,328	108,678
Interest	51,584	53,478
Assumption changes and difference between actual and expected experience	569,365	-
Benefit payments	(71,460)	(73,039)
Total OPEB liability end of year	<u>\$2,456,316</u>	<u>\$2,545,433</u>

**Sensitivity of the School District's OPEB Liability to Changes in the Discount Rate** – The July 1, 2019 actuarial valuation was prepared using a discount rate of 2.21%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$2,351,822 or by 7.61%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$2,748,268 or by 7.97%.

	Discount Rate		
	1% Decrease	Baseline 2.21%	1% Increase
Total OPEB Liability	<u>\$ 2,748,268</u>	<u>\$ 2,545,433</u>	<u>\$ 2,351,822</u>

**Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The July 1, 2019 actuarial valuation was prepared using an initial trend rate of 2.20%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$2,887,023 or by 13.42%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$2,249,071 or by 11.64%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 2.20%	1% Increase
Total OPEB Liability	<u>\$ 2,249,071</u>	<u>\$ 2,545,433</u>	<u>\$ 2,887,023</u>

**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – For the year ended June 30, 2021, the School District recognized OPEB expense of \$435,254. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 500,255	\$ -
Differences between expected and actual experience	339,381	140,779
Total	<u>\$ 839,636</u>	<u>\$ 140,779</u>

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

Fiscal Year Ending June 30,	
2022	\$ 273,098
2023	249,734
2024	98,335
2025	77,690
Thereafter	-
Totals	<u>\$ 698,857</u>

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**NOTE 12 - ENCUMBRANCES**

Encumbrances outstanding at June 30, 2021 are as follows:

Current:	
Instruction:	
Special programs	\$ 500
Other	13,650
Total instruction	<u>14,150</u>
Support services:	
Operation and maintenance of plant	<u>299,290</u>
Total encumbrances	<u><u>\$ 313,440</u></u>

**NOTE 13 – GOVERNMENTAL ACTIVITIES NET POSITION**

Net position reported on the government-wide Statement of Net Position at June 30, 2021 include the following:

	Governmental Activities
Net investment in capital assets:	
Net book value of all capital assets	\$ 7,489,601
Unrestricted	(15,368,494)
Total net position	<u><u>\$ (7,878,893)</u></u>

None of the net position is restricted by enabling legislation.

**NOTE 14 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances at June 30, 2021 consist of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Committed:</b>			
Expendable trust	\$ 816,374	\$ -	\$ 816,374
Voted appropriation - March 2021	85,000	-	85,000
Recreation revolving	-	78,223	78,223
Total committed fund balance	<u>901,374</u>	<u>78,223</u>	<u>979,597</u>
<b>Assigned:</b>			
Encumbrances	313,440	-	313,440
Student balances	375	-	375
District activities	112	-	112
Athletics	7,253	-	7,253
Student activities	-	153,890	153,890
Total assigned fund balance	<u>321,180</u>	<u>153,890</u>	<u>475,070</u>
<b>Unassigned:</b>	<u>1,058,491</u>	<u>-</u>	<u>1,058,491</u>
Total governmental fund balances	<u><u>\$ 2,281,045</u></u>	<u><u>\$ 232,113</u></u>	<u><u>\$ 2,513,158</u></u>

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**NOTE 15 – PRIOR PERIOD ADJUSTMENT**

Net position/fund balance at July 1, 2020 was restated for the following:

	(GAAP) General Fund	(Budgetary) General Fund Unassigned	Nonmajor funds
To restate for prior year expenditures that were grant funded in 2021 current year grant	\$ 14,516	\$ 14,516	\$ (14,516)
Net position/fund balance, as previously reported	418,151	418,151	227,890
Net position/fund balance, as restated	<u>\$ 432,667</u>	<u>\$ 432,667</u>	<u>\$ 213,374</u>

**NOTE 16 – RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2021, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2020 to June 30, 2021 by Primex<sup>3</sup>, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2020-21 the School District paid \$50,223 and \$47,151, respectively, to Primex for workers' compensation and property/liability. At this time, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

The School District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 17 – CAFETERIA BENEFIT PLAN**

Effective August 22, 2000, the School District implemented a cafeteria benefit plan pursuant to Section 125 of the IRS code. Under this plan, eligible employees may direct a contribution, made by the School District, into any combination of the following benefit categories:

1. Medical Insurance Premium Account;
2. Out of Pocket Medical Spending Account; or
3. Dependent Care Spending Account.

In addition to directing the School District's contribution to the above categories, eligible employees may elect to contribute pre-tax dollars to these categories. Under no circumstances may an employee direct more than \$5,000 annually into the Dependent Care Spending Account, and \$2,750 into the Medical Spending Account. This cap applies to both School District contributions and employee pre-tax contributions.

All regular full-time and part-time employees employed on a regular and continuous basis, including certain contractual employees, are eligible to participate in this plan. Temporary and casual employees are not eligible. The plan year adopted by the School District begins on July 1 and ends on June 30. To obtain reimbursement of expenses incurred within a plan year within the spending accounts (items 2 and 3 above), employees must submit claims within ninety days of the end of the plan year or separation of service from the School District, whichever occurs first. Funds unclaimed after ninety days of the close of the plan year are then remitted to the School District.

**NOTE 18 – CONTINGENT LIABILITIES**

The School District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the School District believes such disallowances, if any, will be immaterial.

***SOUHEGAN COOPERATIVE SCHOOL DISTRICT***  
***NOTES TO THE BASIC FINANCIAL STATEMENTS***  
***AS OF AND FOR THE FISCAL YEAR ENDED***  
***JUNE 30, 2021***

***NOTE 19 – COVID-19***

As a result of the spread of COVID-19, Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES Act) in response to the economic downfall caused by the COVID-19 pandemic. This Act provided funding through the Coronavirus Relief Fund (CRF) as well as the Education Stabilization Fund (ESF). On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) was signed into law, which provided additional funding for the ESF programs.

The CRF requires that the payment from these funds be used to cover expenses that: are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the most recently approved budget as of March 27, 2020; and were incurred during the period that begins March 1, 2020 and ends on December 31, 2021. The School District was awarded a portion of this Federal funding totaling \$149,600 in the fall of 2020, through the Supplemental Public School Response Fund (SPSRF).

The ESR provided funds to the School District through the Elementary and Secondary School Emergency Relief Fund (ESSER). The objective of ESSER is to provide local education agencies with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation. This funding was awarded to the School District under the ESSER I and II grants, with the School District expending none of this funding in the fiscal year 2021 and must be used for activities to prevent, prepare, and respond to the coronavirus.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

***NOTE 20 – SUBSEQUENT EVENTS***

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through March 25, 2022, the date the June 30, 2021 financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT E**  
**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
*Schedule of the School District's Proportionate Share of Net Pension Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
School District's:								
Proportion of the net pension liability	0.32%	0.32%	0.30%	0.30%	0.29%	0.29%	0.28%	0.29%
Proportionate share of the net pension liability	\$ 13,979,235	\$ 11,951,376	\$ 11,956,064	\$ 15,984,325	\$ 14,107,103	\$ 13,958,273	\$ 13,591,796	\$ 18,338,127
Covered payroll (as of the measurement date)	\$ 9,088,182	\$ 8,856,904	\$ 8,860,121	\$ 8,705,717	\$ 8,512,284	\$ 8,188,416	\$ 8,283,350	\$ 8,283,350
Proportionate share of the net pension liability as a percentage of its covered payroll	153.82%	134.94%	134.94%	183.61%	165.73%	170.46%	164.09%	221.39%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%

**EXHIBIT F**  
**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
*Schedule of School District Contributions - Pensions*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Contractually required contribution	\$ 807,658	\$1,032,960	\$1,012,518	\$1,076,361	\$1,050,844	\$1,225,197	\$1,229,286	\$1,255,068
Contributions in relation to the contractually required contributions	807,658	1,032,960	1,012,518	1,076,361	1,050,844	1,225,197	1,229,286	1,255,068
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$9,088,182	\$8,856,904	\$8,860,121	\$8,705,717	\$8,512,284	\$8,188,416	\$8,283,350	\$8,441,621
Contributions as a percentage of covered payroll	8.89%	11.66%	11.43%	12.36%	12.35%	14.96%	14.84%	14.87%

**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2021**

***Schedule of the School District's Proportionate Share of Net Pension Liability and  
Schedule of School District Contributions – Pensions***

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits E and F represent the actuarial determined costs associated with the School District's pension plan at June 30, 2021. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

**Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2020:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	20 years beginning July 1, 2019 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.0% per year
Wage Inflation	2.755% per year (2.25% for Teachers) in the 2007 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	6.75% per year, net of investment expenses including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	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.

**Other Information:**

Notes	The board has adopted new assumptions based on the 2015-2019 experience study effective for employer contributions in the 2022-23 biennium.
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**EXHIBIT G**  
**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
*Schedule of the School District's Proportionate Share of the Net Other Postemployment Benefits Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
School District's proportion of the net OPEB liability	0.36%	0.35%	0.26%	0.25%	0.28%
School District's proportionate share of the net OPEB liability	\$ 1,759,875	\$ 1,587,688	\$ 1,195,298	\$ 1,106,897	\$ 1,204,715
School District's covered payroll (as of the measurement date)	\$ 8,705,717	\$ 8,512,284	\$ 8,188,416	\$ 8,283,350	\$ 8,283,350
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	20.22%	18.65%	14.60%	13.36%	14.54%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%

The Notes to the Required Supplementary Information -- Other Postemployment Benefits Liability is an integral part of this schedule.

**EXHIBIT H**  
**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
*Schedule of School District Contributions - Other Postemployment Benefits*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Contractually required contribution	\$ 211,234	\$ 205,808	\$ 115,479	\$ 115,221	\$ 124,611
Contributions in relation to the contractually required contribution	211,234	205,808	115,479	115,221	124,611
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$8,705,717	\$8,512,284	\$8,188,416	\$8,283,350	\$8,441,621
Contributions as a percentage of covered payroll	2.43%	2.42%	1.41%	1.39%	1.48%

The Notes to the Required Supplementary Information – Other Postemployment Benefits Liability is an integral part of this schedule.

**EXHIBIT I**  
**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
*Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

	June 30,				
	2017	2018	2019	2020	2021
OPEB liability, beginning of year	\$ 662,711	\$1,719,470	\$1,779,594	\$1,800,499	\$2,456,316
Changes for the year:					
Service cost	34,652	82,067	83,708	106,328	108,678
Interest	26,456	60,530	62,469	51,584	53,478
Assumption changes and difference between actual and expected experience	998,285	(25,106)	(55,955)	569,365	-
Benefit payments	(2,634)	(57,367)	(69,317)	(71,460)	(73,039)
OPEB liability, end of year	<u>\$1,719,470</u>	<u>\$1,779,594</u>	<u>\$1,800,499</u>	<u>\$2,456,316</u>	<u>\$2,545,433</u>
Covered payroll	<u>\$7,992,560</u>	<u>\$7,992,560</u>	<u>\$8,152,411</u>	<u>\$7,358,054</u>	<u>\$7,358,054</u>
Total OPEB liability as a percentage of covered payroll	21.51%	22.27%	22.09%	33.38%	34.59%

The Notes to the Required Supplementary Information – Other Postemployment Benefits Liability is an integral part of this schedule.

**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFITS LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2021**

***Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability and Schedule of School District Contributions – Other Postemployment Benefits***

As required by GASB Statement No. 75, Exhibits G and H represent the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2021. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

**Methods and Assumptions:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.0% per year
Wage Inflation	2.75% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Funding Discount Rate	3.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	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.
Health Care Trend Rates	Not applicable, given that benefits are fixed stipends.
Aging Factors	Not applicable, given that the benefits are fixed stipends.

***Schedule of Changes in School District's Total Other Postemployment Benefits Liability and Related Ratios***

As required by GASB Statement No. 75, Exhibit I represents the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2021. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2021*

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 14,598,203	\$ 14,598,203	\$ -
Other local sources:			
Tuition	10,668	45,956	35,288
Investment earnings	3,800	4,001	201
Student activities	60,000	88,049	28,049
Miscellaneous	443	130,114	129,671
Total from other local sources	74,911	268,120	193,209
State sources:			
Adequacy aid (grant)	1,753,032	1,753,033	1
Adequacy aid (tax)	1,427,280	1,427,280	-
Catastrophic aid	182,344	260,492	78,148
Vocational aid	-	1,502	1,502
Total from state sources	3,362,656	3,442,307	79,651
Federal sources:			
Medicaid	-	57,733	57,733
Total revenues	18,035,770	\$ 18,366,363	\$ 330,593
Use of fund balance per Executive Order No. 38	417,329		
Total revenues and use of fund balance	\$ 18,453,099		

**SCHEDULE 2**  
**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
**Major General Fund**  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended June 30, 2021**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ -	\$ 7,019,352	\$ 6,835,494	\$ -	\$ 183,858
Special programs	-	3,468,895	3,027,902	500	440,493
Vocational programs	-	18,000	13,415	-	4,585
Other programs	-	751,655	621,340	13,650	116,665
Total instruction	-	11,257,902	10,498,151	14,150	745,601
Support services:					
Student	-	1,703,446	1,880,650	-	(177,204)
Instructional staff	-	557,228	419,936	-	137,292
General administration	-	62,771	58,298	-	4,473
Executive administration	-	1,016,058	1,049,634	-	(33,576)
School administration	-	796,886	738,159	-	58,727
Business	-	1,500	162	-	1,338
Operation and maintenance of plant	253,071	1,701,686	1,775,775	299,290	(120,308)
Student transportation	-	677,095	415,039	-	262,056
Other	-	371,002	310,661	-	60,341
Total support services	253,071	6,887,672	6,648,314	299,290	193,139
Debt service:					
Principal of long-term debt	-	155,000	155,000	-	-
Interest on long-term debt	-	4,147	4,146	-	1
Total debt service	-	159,147	159,146	-	1
Other financing uses:					
Transfers out	-	148,378	289,559	-	(141,181)
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 253,071	\$ 18,453,099	\$ 17,595,170	\$ 313,440	\$ 797,560

**SCHEDULE 3**  
**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
**Major General Fund**  
*Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2021*

Unassigned fund balance, beginning, as restated (see Note 15)		\$ 432,667
Changes:		
Use of fund balance per Executive Order No. 38		(417,329)
2020-2021 Budget summary:		
Revenue surplus (Schedule 1)	\$ 330,593	
Unexpended balance of appropriations (Schedule 2)	<u>797,560</u>	
2020-2021 Budget surplus		1,128,153
Increase in committed fund balance		<u>(85,000)</u>
Unassigned fund balance, ending		<u><u>\$1,058,491</u></u>



**SCHEDULE 4**  
**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**June 30, 2021**

	Special Revenue Funds				Total
	Food Service	Grants	High School Student Activities	Recreation Revolving	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 800	\$ -	\$ 153,890	\$ 59,630	\$ 214,320
Accounts receivable	26	-	-	-	26
Intergovernmental receivable	40,244	45,132	-	18,593	103,969
Total assets	<u>\$ 41,070</u>	<u>\$ 45,132</u>	<u>\$ 153,890</u>	<u>\$ 78,223</u>	<u>\$ 318,315</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 19,959	\$ -	\$ -	\$ -	\$ 19,959
Interfund payable	21,111	32,572	-	-	53,683
Total liabilities	<u>41,070</u>	<u>32,572</u>	<u>-</u>	<u>-</u>	<u>73,642</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - grants	-	12,560	-	-	12,560
<b>FUND BALANCES</b>					
Committed	-	-	-	78,223	78,223
Assigned	-	-	153,890	-	153,890
Total fund balances	<u>-</u>	<u>-</u>	<u>153,890</u>	<u>78,223</u>	<u>232,113</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 41,070</u>	<u>\$ 45,132</u>	<u>\$ 153,890</u>	<u>\$ 78,223</u>	<u>\$ 318,315</u>

**SCHEDULE 5**  
**SOUHEGAN COOPERATIVE SCHOOL DISTRICT**  
*Nonmajor Governmental Funds*  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2021**

	Special Revenue Funds				Total
	Food Service	Grants	High School Student Activities	Recreation Revolving	
<b>REVENUES</b>					
Other local	\$ 61,482	\$ 9,190	\$ 295,142	\$ 40,272	\$ 406,086
State	1,531	-	-	-	1,531
Federal	73,338	410,360	-	-	483,698
Total revenues	<u>136,351</u>	<u>419,550</u>	<u>295,142</u>	<u>40,272</u>	<u>891,315</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	-	213,892	331,191	-	545,083
Support services:					
Student	-	21,729	-	-	21,729
Instructional staff	-	41,912	-	-	41,912
General administration	-	1,940	-	-	1,940
Operation and maintenance of plant	-	125,561	-	-	125,561
Noninstructional services	325,910	-	-	-	325,910
Total expenditures	<u>325,910</u>	<u>405,034</u>	<u>331,191</u>	<u>-</u>	<u>1,062,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(189,559)</u>	<u>14,516</u>	<u>(36,049)</u>	<u>40,272</u>	<u>(170,820)</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	<u>189,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,559</u>
Net change in fund balances	-	14,516	(36,049)	40,272	18,739
Fund balances, beginning, as restated (see Note 15)	-	(14,516)	189,939	37,951	213,374
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,890</u>	<u>\$ 78,223</u>	<u>\$ 232,113</u>