

INTER-LAKES SCHOOL DISTRICT

Meredith, New Hampshire

FINANCIAL STATEMENTS

With Schedule of Expenditures of Federal Awards

June 30, 2022

and

Independent Auditor's Report

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

Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

INTER-LAKES SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

ROBERGE AND COMPANY, P.C.

Certified Public Accountants

Member – American Institute of CPA's (AICPA)
Member – AICPA Government Audit Quality Center (GAQC)
Member – AICPA Private Company Practice Section (PCPS)
Member – New Hampshire Society of CPA's

P.O. Box 129
Franklin, New Hampshire 03235
Tel (603) 524-6734
jroberge@rcopc.com

INDEPENDENT AUDITOR'S REPORT

To the School Board
Inter-Lakes School District
Meredith, New Hampshire

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Inter-Lakes School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Inter-Lakes School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Inter-Lakes School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Inter-Lakes School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, on our consideration of the Inter-Lakes School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Inter-Lakes School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Inter-Lakes School District's internal control over financial reporting and compliance.

Roberge and Co., P.C.

ROBERGE & COMPANY, P.C.

Franklin, New Hampshire
December 14, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Inter-Lakes School District
For the Year Ended June 30, 2022**

The Superintendent of Schools and the Assistant Superintendent, as "management" of the Inter-Lakes School District (the "District"), a K-12 local education authority located in the County of Belknap, New Hampshire, submits this section of the District's annual financial report in order to present our discussion and analysis of the District's financial performance during the year ended June 30, 2022.

Our discussion and analysis is in accordance with the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position increased by \$6,450,136 or 14% between June 30, 2021, and 2022.
- The District's total combined net position amounted to \$(39,542,376) as of June 30, 2022. Net position consisted of \$8,570,854 net investment in capital assets, \$528,994 for other purposes, and an unrestricted deficit of \$(48,642,224).
- The District's long-term liabilities, including, lease obligations, early retirement obligations, other post-employment benefit obligations, and net pension liabilities, decreased by a net (additions less reductions) \$24,329,247 during the year ended June 30, 2022. The ending long-term liabilities consisted of \$601,078 due next year.
- During the year, the District's expenses were \$6,450,136 less than the \$35,552,948 in revenues generated from charges for services, operating grants and contributions and general revenues (consisting of the school district assessment and local, state and federal grants and contributions not restricted to specific purposes).
- The District provides OPEB (other post-employment health insurance and dental insurance) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. The District implemented GASB Statement 75, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions. This required the District to calculate and record a total other post-employment benefit obligation at year end. The total other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made. The total unfunded actuarial accrued liability is disclosed in the notes to the financial statements and amounted to \$21,882,553 as of June 30, 2022. In addition, the district is required to report its proportionate share of the NHRS Medical Subsidy OPEB obligation. See Notes to the basic financial statements for more detail on the districts OPEB obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Inter-Lakes School District
For the Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

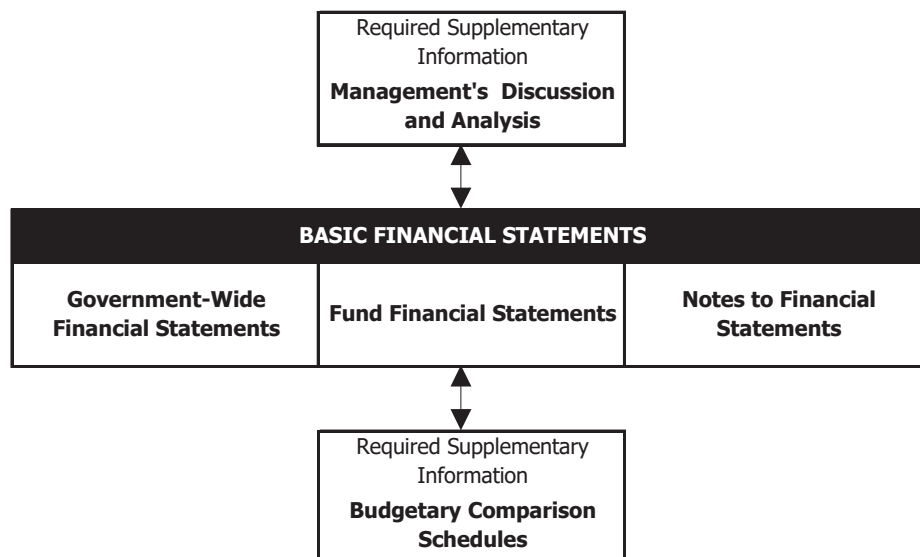
This discussion and analysis is intended to serve as an introduction to the District's annual report, which consists of a series of basic financial statements, notes and related financial or compliance information. The District's financial statements are comprised of six primary sections or components: (1) basic government-wide financial statements, (2) basic fund financial statements, (3) notes to basic financial statements, (4) required supplementary information, (5) notes to required supplementary information, and (6) other supplementary information.

The basic financial statements include two kinds of statements that present different views of the District based upon measurement focus and basis of accounting.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental funds statements tell how the District's services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Exhibit A-1 shows how the required parts of this annual report are arranged and related to one another.

Exhibit A-1



MANAGEMENT'S DISCUSSION AND ANALYSIS

**Inter-Lakes School District
For the Year Ended June 30, 2022**

Exhibit A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain.

Exhibit A-2

	Government-Wide	Fund Statements	
		Governmental	Fiduciary
SCOPE	Entire government (except fiduciary funds)	All activities of the District that are not proprietary or fiduciary	Instances in which the District is the trustee or agent for someone else's resources
REQUIRED FINANCIAL STATEMENTS	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
ACCOUNTING BASIS	Accrual	Modified Accrual	Accrual
MEASUREMENT FOCUS	Economic Resources	Current Financial Resources	Economic Resources
TYPE OF INFORMATION ASSETS AND DEFERRED OUTFLOWS, AND LIABILITIES AND DEFERRED INFLOWS	All assets and deferred outflows, and liabilities and deferred inflows, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and deferred outflows, and liabilities and deferred inflows, both short-term and long-term; the Agency funds do not currently have capital assets although they can
TYPE OF INFORMATION REVENUES, EXPENSES, AND EXPENDITURES	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Inter-Lakes School District
For the Year Ended June 30, 2022

District Wide Financial Statements:

The first two basic statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status and report net position and changes in them. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources and is one way to measure the District's financial health, or financial position.

- Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating, respectively.
- In order to assess the overall health of the District other nonfinancial factors should also be considered, such as changes in the District's general revenues (principally the school district assessment which is derived by local and statewide property taxes and general state aid), and federal and state intergovernmental revenues (grant programs); the condition of the District's buildings and other depreciable property (likelihood of emergency repairs or maintenance); current and long-term student population information; and other items subject to significant financial or budgetary uncertainty (out-of-District special education enrollment and the related high cost potential of the mandated services).

The government-wide financial statements of the District are included in the Governmental Activities category. Most of the District's basic services are included here, such as instruction, support services (including general and executive administration), and food services. General revenues, including the school district assessment, state aid, and federal and state grant programs, food service sales and federal reimbursements finance most of these activities.

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 purposes. State law, regulation or bond covenant requires some funds, while others are established to comply with the requirements of grantors. The District reports the following funds:

Governmental Funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationships (or differences) between them.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Inter-Lakes School District
For the Year Ended June 30, 2022

CONDENSED FINANCIAL INFORMATION AND ANALYSIS OF THE DISTRICT AS A WHOLE Net Position

Exhibit B-1 shows the composition of the District's total combined net position, which increased between June 30, 2021, and 2022 by \$6,450,136 or 14% to \$(39,542,376).

Exhibit B-1 NET POSITION

	Governmental Activities		
	2021	2022	Change
Assets			
Current and other assets	\$ 4,592,737	\$ 6,061,348	\$ 1,468,611
Noncurrent assets	<u>12,270,819</u>	<u>12,185,565</u>	<u>(85,254)</u>
Total assets	16,863,556	18,246,913	1,383,357
Deferred Outflows of Resources			
Deferred outflows of resources	<u>10,445,703</u>	<u>5,265,877</u>	<u>(5,179,826)</u>
Total deferred outflows of resources	10,445,703	5,265,877	(5,179,826)
Liabilities			
Current liabilities	1,694,302	1,867,479	173,177
Noncurrent liabilities	<u>69,072,033</u>	<u>45,000,852</u>	<u>(24,071,181)</u>
Total liabilities	70,766,335	46,868,331	(23,898,004)
Deferred Inflows of Resources			
Deferred inflows of resources	<u>2,535,436</u>	<u>16,186,835</u>	<u>13,651,399</u>
Total deferred inflows of resources	2,535,436	16,186,835	13,651,399
Net Position			
Net investment in capital assets	7,968,387	8,570,854	602,467
Restricted	346,423	528,994	182,571
Unrestricted	<u>(54,307,322)</u>	<u>(48,642,224)</u>	<u>5,665,098</u>
Total net position	<u>\$ (45,992,512)</u>	<u>\$ (39,542,376)</u>	<u>\$ 6,450,136</u>

A portion of the net position is either invested in capital assets or restricted as to the purposes they can be used for.

- Restricted net position represents capital reserves and specific fund amounts that are not available for discretionary spending.

Unrestricted net position is a negative \$(48,642,224) as of June 30, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Inter-Lakes School District
For the Year Ended June 30, 2022

Change in Net Position

The District's total revenues were \$35,552,948 while total expenses were \$29,102,812, resulting in an increase in net position of \$6,450,136.

Exhibit B-2 shows that 59.81% of the District's total revenues came from the local school district assessment, while 17.17% came from State of New Hampshire sources including state education taxes (collected by and received from the town). Operating grants and contributions provided 8.49% of total revenues, while 0.77% related to charges for services. Other financing sources related to changes in deferred inflows and outflows of resources amounted to 13.52% of total revenues.

Exhibit B-2 SOURCES OF DISTRICT REVENUES

	2021		2022	
Program Revenues				
Charges for services	\$ 66,607	0.23%	\$ 273,815	0.77%
Operating grants and contributions	1,517,690	5.27%	3,017,262	8.49%
General Revenues				
School district assessment	20,975,939	72.87%	21,263,461	59.81%
Local sources	57,672	0.20%	82,085	0.23%
State of New Hampshire sources	6,159,782	21.40%	6,102,670	17.17%
Federal sources	7,259	0.03%	8,150	0.02%
Other financing sources	-	0.00%	4,805,505	13.52%
	<u>\$ 28,784,949</u>	<u>100%</u>	<u>\$ 35,552,948</u>	<u>100%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Inter-Lakes School District
For the Year Ended June 30, 2022

Exhibit B-3 shows that 52.47% of the District's total expenses were for instruction, 41.56% were for support services and 1.72% of the District's total expenses were for the food service program. Unallocated expenses represented 4.25% of total expenses.

Exhibit B-3 DISTRICT EXPENSES

	<u>2021</u>	<u>2022</u>	<u>% of Total</u>	<u>\$ Change</u>
Functions / Programs				
Instruction	\$ 14,667,512	\$ 15,270,603	52.47%	\$ 603,091
Support services	10,384,397	12,094,977	41.56%	1,710,580
Food service program	376,127	501,203	1.72%	125,076
Unallocated				
Capital outlay	347,780	-	0.00%	(347,780)
Other uses	4,787,361	-	0.00%	(4,787,361)
Depreciation	<u>1,395,045</u>	<u>1,236,029</u>	<u>4.25%</u>	<u>(159,016)</u>
	<u>\$ 31,958,222</u>	<u>\$ 29,102,812</u>	<u>100.00%</u>	<u>\$ (2,855,410)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Inter-Lakes School District
For the Year Ended June 30, 2022

Governmental Activities

Exhibit B-4 presents the net cost of the District's largest functions based upon the total expense, less charges for services and operating grants and contributions. The net cost reflects the amount funded by general revenues (local and statewide property taxes and general state aid).

Exhibit B-4 TOTAL AND NET COST OF SERVICES

	2021		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Functions / Programs				
Instruction	\$ 14,667,512	\$ 13,498,475	\$ 15,270,603	\$ 12,684,177
Support services	10,384,397	10,336,171	12,094,977	12,054,052
Food service program	376,127	37,990	501,203	(162,523)
Unallocated				
Capital outlay	347,780	318,883	-	-
Other uses	4,787,361	4,787,361	-	-
Depreciation	1,395,045	1,395,045	1,236,029	1,236,029
	\$ 31,958,222	\$ 30,373,925	\$ 29,102,812	\$ 25,811,735

The total cost of all governmental activities this year was \$29,102,812; the total net cost was \$25,811,735. The primary financing for these activities of the District was as follows:

General Revenues

- The amount that was paid by taxpayers through property taxes was \$27,251,067 which consisted of \$21,263,461 paid in the form of local property taxes and \$5,987,606 paid in the form of property taxes under the State of New Hampshire state-wide education tax system for the annual school district assessment.
- Amounts received from the State of New Hampshire were \$115,064 in school building aid.
- Local revenues include \$7,011 of earnings on investments and \$75,074 of other local revenue.
- Federal sources include \$8,150 of federal forest reserve funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Inter-Lakes School District
For the Year Ended June 30, 2022

ANALYSIS OF BALANCES AND TRANSACTIONS OF THE DISTRICT'S INDIVIDUAL FUNDS

General Fund

The general fund balance increased \$859,593 during the year from a surplus balance of \$3,394,116 as of June 30, 2021, to a \$4,253,709 fund balance as of June 30, 2022. \$21,373 of the fund balance was non-spendable prepaid expenses, \$1,273,641 was committed for capital reserves, \$1,974,801 was assigned for encumbrances, and \$983,894 was unassigned. In accordance with RSA 198:4-b, the district may vote to retain unassigned general fund balance in an amount not to exceed 2.5 percent of the current fiscal year's net assessment.

Major Funds

Grants Fund

The grants fund is classified as special revenue fund and is reported as a major fund in the basic financial statements. It is made up of federal and state projects that are operated on a cost reimbursement basis.

Nonmajor Funds

Food Service Fund

The food service fund is classified as a special revenue fund and is aggregated in the category nonmajor governmental funds in the basic financial statements. The food service fund balance was \$212,976 as of June 30, 2022.

E-Rate Fund

The E-Rate fund is classified as a special revenue fund and is aggregated in the category nonmajor governmental funds in the basic financial statements. It is used to account for E-rate reimbursements for technology enhancements.

Student Activities Fund

The Student Activities fund is classified as a special revenue fund and is reported as a nonmajor fund in the basic financial statements. The Student Activities fund balance was \$160,944 during the year ended June 30, 2022.

Restricted Donations Fund

The Restricted Donations fund is classified as a special revenue fund and is aggregated in the category nonmajor governmental funds in the basic financial statements. It is made up of local donations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Inter-Lakes School District
For the Year Ended June 30, 2022

Athletic Facilities Construction Fund

The Athletic Facilities Construction fund is classified as a capital project fund and is aggregated in the category nonmajor governmental funds in the basic financial statements. It was used to account for the construction of athletic facilities and the high school. The project is complete.

GENERAL FUND BUDGETARY HIGHLIGHTS

For the year ended June 30, 2022, the District did not revise its statutory budgetary line items; rather, the District's budgetary control was managed on an aggregate total budget-to-actual basis; total estimated revenues and appropriations versus actual revenues and expenditures.

Final Versus Original Budget Comparison

In the normal circumstances under the total budget-to-actual basis the original and final budget amounts would be the same. However, the final budget varied from the original budget for the following item:

- Encumbrances were carried forward in the amount of \$1,079,203.

Actual Versus Final Budget Comparison

The amounts of actual inflows (resources) and outflows (charges to appropriations) varied from the final budget for the following significant items:

- Actual inflows (resources) were more than the budgetary revenue estimates by \$756,585.
- Actual total outflows, (expenditures or charges to appropriations), were less than the budgeted appropriations by \$2,223,483.
- None of the currently known reasons for the budgetary variations are expected to have a significant effect on future services or liquidity.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Inter-Lakes School District
For the Year Ended June 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the District had invested \$12,185,565 (\$30,763,896 at cost or estimated cost less accumulated depreciation of \$18,578,331) in a broad range of capital assets, including land and land improvements, buildings, vehicles, furniture and equipment, and technology equipment as summarized in Exhibit C-1.

This amount represents a net decrease of 0.69% from the prior year. This year major changes are also summarized in Exhibit C-1.

Exhibit C-1 NET CAPITAL ASSETS AND MAJOR ADDITIONS

	Governmental Activities		
Net Capital Assets	2021	2022	Change
Land and improvements	\$ 1,989,276	\$ 2,676,792	34.56%
Buildings	17,733,070	17,992,833	1.46%
Vehicles	54,843	54,843	0.00%
Furniture and equipment	2,927,750	3,041,152	3.87%
Technology equipment	2,128,528	1,926,830	-9.48%
Leased assets	5,071,446	5,071,446	100.00%
Capital assets, at cost	29,904,913	30,763,896	2.87%
Accumulated depreciation	17,634,094	18,578,331	5.35%
Capital assets, net	\$ 12,270,819	\$ 12,185,565	-0.69%
Increase (Decrease) in Capital Assets, Net		\$ (85,254)	
Changes			
Land and improvements		\$ 687,516	
Buildings		259,763	
Furniture and equipment		184,392	
Technology equipment		19,104	
Depreciation expense		(1,236,029)	
		\$ (85,254)	

More detailed information about the District's capital assets is presented in the notes to the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Inter-Lakes School District
For the Year Ended June 30, 2022**

Debt

As of June 30, 2022, the District had \$45,000,852 of net long-term obligations as summarized in Exhibit C-2.

This amount represents a net decrease of 34.85% from the prior year.

Exhibit C-2 LONG-TERM LIABILITIES

Long-Term Liabilities	Governmental Activities		
	2021	2022	Change
Leases obligations	\$ 4,302,432	\$ 3,614,711	-15.98%
Early retirement	427,203	319,158	-25.29%
OPEB obligations	38,865,944	23,427,852	-39.72%
Net pension liability	26,335,598	18,240,209	-30.74%
	69,931,177	45,601,930	-34.79%
Less current portion	859,144	601,078	30.04%
	\$ 69,072,033	\$ 45,000,852	-34.85%
Increase (Decrease), Net		\$ (24,071,181)	
Changes			
Payments made against the leases during the year		\$ (687,721)	
Change in early retirement obligations		(108,045)	
Change in OPEB obligations		(15,438,092)	
Change in net pension liability		(8,095,389)	
Change in current portion		258,066	
		\$ (24,071,181)	

State law (RSA 33:4) limits the amount of general obligation debt that the District may incur at any one time to 10% of the locally assessed valuation of the member municipalities as equalized by the Commissioner of the New Hampshire Department of Revenue Administration. As of June 30, 2022, the District was below its legal debt limit of approximately \$322,312,732.

More detailed information about the District's long-term liabilities is presented in the notes to the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Inter-Lakes School District
For the Year Ended June 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

District management and the School Board considered many factors when submitting the fiscal year 2022-2023 budget to the District voters.

The proposed operational budget was \$29,446,576. This represents an increase of \$598,754 or 2.08% from the 2021-2022 budget of \$28,847,822. In addition, approved by the voters, contributions to expendable trust funds of \$175,0000.

Factors Impacting Costs in the General Operating Budget

- Special education expenses for out of district placements have increased by \$154,202. There is presently \$307,113 in the Special Education Expendable Trust. In addition to the increase in out of district placements, Special Education Transportation related to out of district placements has increased by \$220,670. The two areas: special education out of district placements and special education transportation represent an increase of \$374,872.
- The health insurance Guaranteed Maximum Rate (GMR) was an increase of 7.1% and a decrease of 1.5% for dental insurance. Overall this budget decreased by \$85,826 and reflects current healthcare subscriptions and anticipated retirements.
- The proposed operating budget includes the reduction of 1.00 FTE Regular Education Teacher, shifts the Athletic Director to a 1.00 FTE Administrator and adds a 0.4 FTE Physical Education Teacher. Also added is a part time 4.5 hour per day afternoon Library Paraprofessional to increase library access for students. An Administrative Assistant Curriculum position was increased to full time and also assists Facilities and Technology. Total increase for staffing was \$145,846.
- The School District has entered into a three (3) year extension for transportation with First Student. Regular transportation costs will increase by 4% each year of the contract. In the proposed budget, regular bus routes have been reduced from fourteen (14) buses to thirteen (13) buses. This reflects a decrease of \$31,117 in Regular Transportation.

Expendable Trusts

- Warrant Article 4 requested the establishment of a Student Transportation Expendable Trust Fund for the purpose of unanticipated student transportation costs. This Expendable Trust Fund will be funded through unreserved fund balance from 21/22 in the amount of \$5,000. Unanticipated student transportation costs may include homeless transportation, special education transportation and other unanticipated student transportation expenses.
- A warrant article added \$150,000 to the expendable trust for Facilities.
- A warrant article added \$15,000 to the expendable trust for Special Education.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Inter-Lakes School District
For the Year Ended June 30, 2022

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Assistant Superintendent of Business Operations.

BASIC FINANCIAL STATEMENTS

INTER-LAKES SCHOOL DISTRICT

Statement of Net Position June 30, 2022

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 4,224,832
Investments	75,621
Receivables, net	1,198,750
Due from other governments	540,772
Prepaid expenses	21,373
Capital assets:	
Land, improvements, and construction in progress	794,271
Other capital assets, net of accumulated depreciation	<u>11,391,294</u>
Total assets	<u>18,246,913</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	5,073,073
Deferred outflows of resources related to debt refinancing	53,102
Deferred outflows of resources related to other post employment benefits	<u>139,702</u>
Total deferred outflows of resources	<u>5,265,877</u>
LIABILITIES	
Accounts payable	1,176,747
Accrued expenses	77,323
Due to other governments	12,331
Current portion of long-term liabilities	601,078
Noncurrent:	
Early retirement obligations	319,158
Lease obligations	3,013,633
Post employment benefit obligation	23,427,852
Net pension liability	<u>18,240,209</u>
Total liabilities	<u>46,868,331</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to unearned revenue	12,244
Deferred inflows of resources - pension	5,299,721
Deferred inflows of resources related to other post employment benefits	<u>10,874,870</u>
Total deferred inflows of resources	<u>16,186,835</u>
NET POSITION	
Net investment in capital assets	8,570,854
Restricted for:	
Grant programs	53
Other purposes	528,941
Unrestricted	<u>(48,642,224)</u>
Total net position	<u>\$ (39,542,376)</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

INTER-LAKES SCHOOL DISTRICT

Statement of Activities Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and
				Changes in Net Position
				Primary Governmental Activities
Governmental activities:				
Instruction				
Regular instruction	\$ 9,327,388	\$ 4,394	\$ 59,134	\$ (9,263,860)
Special education instruction	3,987,998	68,626	216,545	(3,702,827)
Vocational instruction	118,045	-	9,875	(108,170)
Other instruction	1,837,172	147,122	2,080,730	390,680
Support services				
Student support services	3,018,276	-	40,925	(2,977,351)
Instructional staff services	1,694,761	-	-	(1,694,761)
General administration	189,885	-	-	(189,885)
Executive administration	985,309	-	-	(985,309)
School administrative services	1,280,223	-	-	(1,280,223)
Business services	7,362	-	-	(7,362)
Operation and maintenance	3,437,579	-	-	(3,437,579)
Student transportation	1,481,582	-	-	(1,481,582)
Food service program	501,203	53,673	610,053	162,523
Depreciation (unallocated)	1,236,029	-	-	(1,236,029)
Total governmental activities	<u>29,102,812</u>	<u>273,815</u>	<u>3,017,262</u>	<u>(25,811,735)</u>
General revenues:				
School district assessment				\$ 21,263,461
Grants and contributions not restricted to specific purposes:				
Local sources				75,074
State of New Hampshire sources				6,102,670
Federal sources				8,150
Investment Income				7,011
Other financing sources				<u>4,805,505</u>
Total general revenues				<u>32,261,871</u>
Change in net position				6,450,136
Net position, beginning				<u>(45,992,512)</u>
Net position, ending				<u>\$ (39,542,376)</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

INTER-LAKES SCHOOL DISTRICT

**Balance Sheet
Governmental Funds
June 30, 2022**

	General Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,060,657	\$ -	\$ 164,175	\$ 4,224,832
Investments	75,621	-	-	75,621
Held by trustees	1,198,020	-	-	1,198,020
Receivables, net	730	-	-	730
Due from other governments	44,609	315,180	180,983	540,772
Due from other funds	25,870	-	241,845	267,715
Prepays	21,373	-	-	21,373
Total assets	<u>\$ 5,426,880</u>	<u>\$ 315,180</u>	<u>\$ 587,003</u>	<u>\$ 6,329,063</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,097,486	\$ 33,443	\$ 45,818	\$ 1,176,747
Accrued expenses	75,441	1,882	-	77,323
Due to other governments	-	12,331	-	12,331
Due to other funds	244	267,471	-	267,715
Total liabilities	<u>1,173,171</u>	<u>315,127</u>	<u>45,818</u>	<u>1,534,116</u>
Deferred Inflows of Resources:				
Deferred revenue	-	-	12,244	12,244
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>12,244</u>	<u>12,244</u>
Fund balances:				
Nonspendable	21,373	-	-	21,373
Restricted	-	53	155,021	155,074
Committed	1,273,641	-	-	1,273,641
Assigned	1,974,801	-	373,920	2,348,721
Unassigned	983,894	-	-	983,894
Total fund balance	<u>4,253,709</u>	<u>53</u>	<u>528,941</u>	<u>4,782,703</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,426,880</u>	<u>\$ 315,180</u>	<u>\$ 587,003</u>	<u>\$ 6,329,063</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

INTER-LAKES SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2022

Total Fund Balances - Governmental Funds \$ 4,782,703

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in the governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost	\$ 30,763,896	
Less accumulated depreciation	<u>(18,578,331)</u>	12,185,565

Long-term liabilities are not due in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Lease obligations	(3,614,711)	
Early retirement obligations	(319,158)	
OPEB obligation	(23,427,852)	
Net pension liability	<u>(18,240,209)</u>	(45,601,930)

Deferred inflows and outflows of resources related to long term liabilities are not current financial sources and uses and therefore are not reported in the governmental funds.

Deferred inflows of resources (increase)/decrease	(16,174,591)	
Deferred outflows of resources (increase)/decrease	<u>5,265,877</u>	<u>(10,908,714)</u>

Total Net Position - Governmental Activities \$ (39,542,376)

The accompanying notes to the basic financial statements are an integral part of this statement.

INTER-LAKES SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds Year Ended June 30, 2022

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
School district assessment	\$ 21,263,461	\$ -	\$ -	\$ 21,263,461
Local sources	126,289	-	222,600	348,889
State of New Hampshire sources	6,137,111	-	8,067	6,145,178
Federal sources	259,263	2,080,730	642,911	2,982,904
Investment income	7,011	-	-	7,011
Total revenues	<u>27,793,135</u>	<u>2,080,730</u>	<u>873,578</u>	<u>30,747,443</u>
Expenditures				
Instruction	14,087,473	2,080,730	197,304	16,365,507
Support services	3,675,831	-	2,500	3,678,331
General administration	189,885	-	-	189,885
Executive administration	8,970,353	-	-	8,970,353
Food service program	-	-	501,203	501,203
Total expenditures	<u>26,923,542</u>	<u>2,080,730</u>	<u>701,007</u>	<u>29,705,279</u>
Excess (deficiency) of revenues over expenditures	869,593	-	172,571	1,042,164
Other Financing Sources (Uses)				
Transfers in	-	-	10,000	10,000
Transfers out	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Net change in fund balances	859,593	-	182,571	1,042,164
Fund balance, beginning	<u>3,394,116</u>	<u>53</u>	<u>346,370</u>	<u>3,740,539</u>
Fund balance, ending	<u>\$ 4,253,709</u>	<u>\$ 53</u>	<u>\$ 528,941</u>	<u>\$ 4,782,703</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

INTER-LAKES SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2022

Total Net Change in Fund Balances - Governmental Funds \$ 1,042,164

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	\$ 1,150,775	
Depreciation expense	<u>(1,236,029)</u>	(85,254)

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal on capital leases	<u>687,721</u>	687,721
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In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used.

Early retirement - teachers (increase) decrease	108,045	
OPEB obligation (increase) decrease	15,438,092	
Net pension liability (increase) decrease	<u>8,095,389</u>	23,641,526

The change in deferred inflows and outflows related to long-term obligations are reported against expense and other financing uses in the governmental activities.

Deferred inflows - (increase) decrease	(13,656,195)	
Deferred outflows - increase (decrease)	<u>(5,179,826)</u>	<u>(18,836,021)</u>

Change in Net Position of Governmental Activities \$ 6,450,136

The accompanying notes to the basic financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Inter-Lakes School District (the "District" or "Government") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The significant accounting policies established in GAAP and used by the District are discussed below.

A. THE REPORTING ENTITY

The District is a primary (special-purpose) local government governed by an elected board. As required by GAAP, these financial statements are required to present the District and its component units (if any).

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization; or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government. Fiscal independency is the ability to complete certain essential fiscal events without substantive approval by a primary government: (a) determine its budget without another government's having the authority to approve and modify that budget; (b) levy taxes or set rates or charges without approval by another government; and (c) issue bonded debt without approval by another government. The district does not report any component unit.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. The District does not have any business type primary activities.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted; and unrestricted. The District first utilizes restricted resources to finance qualifying activities.

NOTE 1 – (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions / programs. The functions / programs are also supported by general revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants reflect capital-specific grants. The net costs (by function) are normally covered by general revenue. The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Funds are classified into three major categories: governmental, proprietary and fiduciary.

Fund financial statements focus on major funds of the primary government in contrast to the governmental and business type (if any) activities reported in the government-wide financial statements. Major funds represent the government's most important funds and are determined based on minimum criteria set forth in GASBS No. 34 (numerical formula using total assets, liabilities, revenues, or expenditures/expenses of either fund category or activity combined). Major individual governmental funds are reported in separate columns in the fund financial statements with a combined column for all other nonmajor funds. The general fund is required to be reported as a major fund. The following fund types are used by the District:

1. **Governmental Funds** – The focus of governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

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

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District reports the following special revenue funds; Grants Fund, Food Service Fund, E-Rate Fund, Restricted Donations Fund and Student Activities Fund.

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The District reports Security Improvements and Athletic Facilities capital projects funds.

NOTE 1 – (continued)**D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Two different measurement focuses are used under the new financial reporting model, the flow of current financial resources and the flow of economic resources. The determination of when transactions are recognized is referred to as the basis of accounting. Like measurement focus, there are two different bases of accounting used: the accrual basis and the modified accrual basis.

Government-Wide Financial Statements

The government-wide financial statements use the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, generally, all revenues, expenses, gains, losses, assets, and liabilities should be recognized when the economic exchange takes place. The government-wide financial statements report all of the assets, liabilities, revenues, expenses, and gains and losses of the entire government. These financial statements do not report fund information. Instead, they focus on two specific types of activities performed by the government, "governmental activities" and, when applicable, "business type activities". Governmental and proprietary fund types are included in the governmental and, when applicable, business type activities reported in the government-wide financial statements and therefore utilize the measurement focus and basis of accounting applicable to these statements. Fiduciary funds are not reported in the government-wide financial statements.

Fund Financial Statements

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues and assets are recognized when they are susceptible to accrual, i.e., both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally within sixty days after year-end. Expenditures and liabilities are recognized in the accounting period in which the fund liability is incurred and due, with certain modifications. Debt service and capital lease payments are recognized when the payment is due and compensated absences, claims and judgments, and special termination benefits are recognized to the extent that the liabilities are "normally expected to be liquidated with expendable available financial resources". Fiduciary fund financial statements, if applicable, use the economic resources measurement focus and the full accrual basis of accounting.

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY**Cash and Cash Equivalents and Investments**

The District has defined cash and cash equivalents to include cash on hand, demand deposits as well as short-term investments with a maturity date of within three months of the date acquired by the District.

Investments are stated at fair value (quoted market price or the best available estimate).

NOTE 1 – (continued)

Interfund Activity

Interfund activity is reported as either, loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures / expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Capital Assets

For government-wide financial statements, capital assets purchased or acquired, in accordance with the District’s capitalization policy, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the assets estimated useful lives.

ASSET	Capitalization Threshold	Estimated Useful Lives	Salvage Value %
Financed Assets	All	20	10%
Land or Building Improvements	All	20-40	10%
Machinery, Equipment and Other	\$ 5,000	3-15	0%

For fund financial statements, capital assets purchased for governmental operations are accounted for as capital expenditures of the governmental fund at the time of purchase.

Long-term Obligations

All long-term debt is reported as liabilities in the government-wide financial statements. Long-term debt consists of leases, early retirement obligations, other postemployment benefit obligations, and net pension liability. Governmental funds reported in the fund financial statements are concerned with current financial resources only and do not report long-term debt. Instead, debt proceeds are reported as other financing sources when received and payments of principal and interest are reported as expenditures when due.

The District implemented Governmental Accounting Standards Board Statement No. 75 – *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, which requires governments to account for other post-employment 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 post-employment benefits, rather than when they use their post-employment benefits.

NOTE 1 – (continued)

Pensions

The District implemented Governmental Accounting Standards Board Statement No. 68 – *Accounting and Financial Reporting for Pensions*. As a result, the District is required to report its proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, and information about the fiduciary net position of the New Hampshire Retirement System, (NHRS) a Cost-Sharing Multiple Employer Defined Benefit Pension Plan.

Governmental Fund Equity

GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, established fund balance classifications and reporting requirements as follows:

Nonspendable – Are fund balances that cannot be spent because they are either; not in spendable form, such as inventories or prepaid amounts, or are legally or contractually required to be maintained intact, such as the principal of a permanent fund.

Restricted – Are amounts that can only be used for specific purposes because of enabling legislation or externally imposed constraints, such as grant requirements or laws or regulations.

Committed – Are amounts that can be used for specific purposes because of a formal action by the entity's highest level of decision-making authority (district meeting). This would include contractual obligations if existing resources have been committed. Formal action to establish constraints should be taken before year-end, even if the amount might not be determined until the subsequent period.

Assigned – Are amounts intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body (school board), or by an official to whom authority has been given (superintendent). This is the residual fund balance classification of all governmental funds except the general fund. Assigned fund balances should not be reported in the general fund if doing so causes the government to report a negative "unassigned" general fund balance.

Unassigned – Is the residual classification for the general fund. The general fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result to overspending for specific purposes for which amounts had been restricted, committed, or assigned.

In instances where both restricted and unrestricted fund balances are available to fund expenditures, the restricted fund balances will be exhausted first, followed by committed, assigned and unassigned fund balances.

Revenues

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the period in which the resources are measurable and available. Revenue resulting from non-exchange transactions, in which the District receives value without directly giving equal value in return, generally includes grants and donations and is recognized when applicable grantor requirements, including purpose, eligibility, timing, and matching have been met.

NOTE 1 – (continued)

General revenues on the Statement of Activities include the school district assessment (levied by the appropriate local governments as property taxes) and aid from various State of New Hampshire sources that are not program revenues (charges for services or related to operating or capital grant programs).

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Legal Debt Limit

Per state statute, the District may not incur debt at any one time in excess of 10% of the locally assessed valuation of the member municipalities as last equalized by the Commissioner of the New Hampshire Department of Revenue Administration.

For the year ended June 30, 2022, the District had not exceeded its legal debt limit.

Risk Management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, injuries to employees and natural disasters. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The District is a member in both the *Workers' Compensation* and *Property/Liability* programs of the *New Hampshire Public Risk Management Exchange (Primex)*. *Primex* is a public entity pooled risk management program under RSA 5-B and RSA 281-A. The policy period is from July 1st to July 1st.

Claims, Judgments and Contingent Liabilities

Grant Programs

The District participates in state, federal and private funded programs, which are governed by various laws, regulations, contracts and agreements of the grantor. Costs charged to these programs are subject to audit or review by the grantor; therefore, to the extent that the District has not complied with laws, regulations, contracts and agreements of the grantor, refunds of money for any disallowed claims, including amounts already collected, may constitute a contingent liability of the District. As of June 30, 2022, the District believes that there are no significant contingent liabilities relating to compliance with the laws, regulations, contracts and agreements governing these programs; therefore, no provision has been recorded in the financial statements for such contingencies.

Litigation

The District is subject to various claims, and sometimes lawsuits, which arise in the normal course of operations. Management of the District believes that the outcome of these contingencies will not have a materially adverse effect on the financial statements and accordingly, no provision for loss has been recorded.

INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Statement of net position:	
Cash and investments	\$ 4,300,453
	<u>\$ 4,300,453</u>

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

Cash on hand	\$ 2,800
Deposits with financial institutions	4,222,032
Investments	75,621
	<u>\$ 4,300,453</u>

Credit Risk - Deposits

The District maintains deposits in accordance with RSA 197:23-a which states that the district treasurer shall deposit the moneys in participation units in the public deposit investment pool established pursuant to RSA 383:22, or in solvent banks in the state, except that funds may be deposited in banks outside the state if such banks pledge and deliver to a third party custodial bank or the regional federal reserve bank collateral security for such deposits United States government obligations, United States 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.

Credit Risk - Investments

The District maintains investments in accordance with RSA 197:23-a which states that whenever the treasurer has in custody an excess of funds which are not immediately needed for the purpose of expenditure, the treasurer shall, with the approval of the school board, invest the same in obligations of the United States government, in participation units in the public deposit investment pool established pursuant to RSA 383:22, in savings bank deposits of banks incorporated under the laws of the state of New Hampshire or in certificates of deposits and repurchase agreements of banks incorporated under the laws of the state of New Hampshire or in banks recognized by the state treasurer. Any person who directly or indirectly receives any such funds for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the district. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral. At least yearly, the school board shall review and adopt an investment policy for the investment of public funds in conformance with the provisions of applicable statutes.

INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 3 – (continued)

Investments made by the District as of June 30, 2022, are summarized below:

	<u>Balance</u>	<u>Rating</u>	<u>Rating Agencies</u>
NH Public Deposit Investment Pool	\$ 75,621		The NHPDIP is not rated.
	<u>\$ 75,621</u>		

Concentration of Credit Risk

The District does not have a formal investment policy that limits the amount the District may invest in any one issuer. Investments of 5% or more of the District's investments are as follows:

100.00% NHPDIP

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the sensitivity of the fair values of the District's investments (including investments underlying repurchase agreements) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>			<u>Remaining Maturity (Months)</u>			
			12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
NHPDIP	\$	75,621	The NHPDIP which is a 2a7-like investment is excluded from this requirement.			

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk on deposits. As of June 30, 2022, \$0 of the District's bank balance of \$4,893,374 was exposed to custodial credit risk because it was uninsured and the collateral for the amounts was held by the depository's agent but not in the District's name.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's \$75,621 in investments the entire amount is in the NHPDIP. Participants' investments in the pool are evidenced by shares of the pool. The District's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 4 - INTERFUND BALANCES AND TRANSFERS

Balances

Individual interfund balances as of June 30, 2022, were as follows:

	<u>Due From</u>	<u>Due To</u>
Major Funds:		
General fund	\$ 25,870	\$ 244
Capital reserve funds	-	-
Grant funds	-	267,471
Nonmajor Funds:		
Food service fund	90,055	-
E-Rate fund	85,206	-
Restricted donations	66,584	-
	<u>\$ 267,715</u>	<u>\$ 267,715</u>

All balances due to or from the general fund are the result of balances or overdrafts to the pooled cash account.

Transfers

Individual interfund transfers for the year ended June 30, 2022, were as follow:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General fund	\$ -	\$ 10,000
Nonmajor Funds:		
Food service fund	10,000	-
	<u>\$ 10,000</u>	<u>\$ 10,000</u>

The District makes routine transfers during the year between the general fund and other funds based upon statutory or budgetary authorization. The transfer to the food service fund was to support operations.

INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

Intergovernmental Receivables

Intergovernmental receivables as of June 30, 2022, consisted of the following:

	General Fund	Grants Fund	Non-Major - Food Service Fund	Total Governmental Funds
Local Governments				
SAU #2	\$ 1,177	\$ -	\$ -	\$ 1,177
Town of Meredith	1,198,020	-	-	1,198,020
Various other	21,332	-	-	21,332
Federal / State Government				
Pass-through grants and other	22,100	315,180	180,983	518,263
	<u>\$ 1,242,629</u>	<u>\$ 315,180</u>	<u>\$ 180,983</u>	<u>\$ 1,738,792</u>

Local receivables represent reimbursements not received until after year end. Federal/State government receivables represent Medicaid reimbursements, grant reimbursements, and food service lunch reimbursements not received until after year-end.

Expendable trust funds (established by voters at an annual school district meeting as trust funds in accordance with statutory requirements) are combined with the general fund in the basic financial statements. In accordance with state statutes these funds are required to be held in custody of the Trustees of Trust Funds of the required local municipal government and are only released for the restricted specific purposes of the individual funds. As of June 30, 2022, the district reported the following expendable trust funds:

Due from the Town of Meredith – Trustees:

- "Plant Maintenance Fund" - Expendable Trust Fund - for "the purpose of repairing and maintaining the District's school buildings and grounds," with a balance of \$845,049.
- "Special Education" - Expendable Trust Fund - for "the purpose of providing funds to cover unanticipated costs related to educating special education students," with a balance of \$311,444.
- "ILES Playground Trust" - Expendable Trust Fund - for "the purpose of funding the replacement of the playground equipment," with a balance of \$55.
- "Multi-function School Bus" – Expendable Trust Fund – "for the purchase of multifunction school activity busses", with a balance of \$41,472.

Held by the District Treasurer:

- "Health Insurance Reserve" - Expendable Trust Fund - for "the purpose of providing funds to cover unanticipated health insurance costs," with a balance of \$75,621.

Intergovernmental Payables

Intergovernmental payables as of June 30, 2022, included \$12,331 of indirect costs owed by the Grants fund to School Administrative Unit #2.

INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities (at cost)				
Capital assets not being depreciated:				
Land and improvements	\$ 106,755	\$ -	\$ -	\$ 106,755
Construction in progress	-	-	-	-
	<u>106,755</u>	<u>-</u>	<u>-</u>	<u>106,755</u>
Capital assets being depreciated:				
Land improvements	1,882,521	687,516	-	2,570,037
Buildings	17,733,070	259,763	-	17,992,833
Vehicles	54,843	-	-	54,843
Furniture and equipment	2,927,750	184,392	70,990	3,041,152
Technology equipment	2,128,528	19,104	220,802	1,926,830
Leased assets	5,071,446	-	-	5,071,446
	<u>29,798,158</u>	<u>1,150,775</u>	<u>291,792</u>	<u>30,657,141</u>
Less accumulated depreciation:				
Land improvements	1,309,930	98,443	-	1,408,373
Buildings	10,692,698	488,698	-	11,181,396
Vehicles	48,124	2,751	-	50,875
Furniture and equipment	2,614,900	110,278	70,990	2,654,188
Technology equipment	1,822,764	195,465	220,802	1,797,427
Leased assets	1,145,678	340,394	-	1,486,072
Accumulated depreciation	<u>17,634,094</u>	<u>1,236,029</u>	<u>291,792</u>	<u>18,578,331</u>
Capital assets being depreciated, net	<u>12,164,064</u>	<u>(85,254)</u>	<u>-</u>	<u>12,078,810</u>
Governmental activities capital assets, Net of accumulated depreciation	<u>\$ 12,270,819</u>	<u>\$ (85,254)</u>	<u>\$ -</u>	<u>\$ 12,185,565</u>

INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 7 - LONG-TERM LIABILITIES

The District can issue general obligation debt instruments to provide funds for the acquisition and construction of major capital equipment, infrastructure and other facilities. General obligation debt instruments are "direct government obligations" and consequently are a pledge of the full faith and credit of the District. The District is obligated under certain leases. The leased assets are accounted for as capital assets and lease liabilities in the government-wide financial statements. In the governmental fund financial statements, the lease is recorded as an expenditure and other financing source in the year executed; annual lease payments are recorded as expenditures when paid. Other long-term obligations include early retirement obligations, OPEB obligations and net pension liabilities.

A summary of long-term liabilities outstanding as of June 30, 2022, is as follows:

	Capital Leases	Early Retirement Obligations	OPEB Obligations	Net Pension Liability	Total
	(See Note 8)				
Beginning balance	\$ 4,302,432	\$ 427,203	\$ 38,865,944	\$ 26,335,598	\$ 69,931,177
Additions	-	-	1,035,961	-	1,035,961
Reductions	(687,721)	(108,045)	(16,474,053)	(8,095,389)	(25,365,208)
Ending balance	<u>3,614,711</u>	<u>319,158</u>	<u>23,427,852</u>	<u>18,240,209</u>	<u>45,601,930</u>
Current portion	601,078	-	-	-	601,078
Noncurrent portion	3,013,633	319,158	23,427,852	18,240,209	45,000,852
	<u>\$ 3,614,711</u>	<u>\$ 319,158</u>	<u>\$ 23,427,852</u>	<u>\$ 18,240,209</u>	<u>\$ 45,601,930</u>

Long-term liabilities outstanding as of June 30, 2022, consisted of the following:

	Issue Year	Interest Rate	Maturity Date	Original Amount of Issue	Amount Outstanding 6/30/22
<u>Lease Obligations (See Note 8)</u>					
Energy Improvement Lease	2015	na	2029	\$ 5,645,351	\$ 3,350,594
Energy Improvement Lease	2017	na	2029	66,023	41,316
Technology Equipment	2019	na	2023	175,356	36,816
Technology Equipment	2019	na	2023	97,390	19,478
Technology Equipment	2021	na	2026	103,663	68,973
Technology Equipment	2021	na	2023	82,600	27,534
Technology Equipment	2021	na	2024	95,540	47,752
Technology Equipment	2021	na	2025	37,080	22,248
					<u>3,614,711</u>
<u>Other Long-Term Obligations</u>					
Early Retirement					319,158
OPEB Obligations - Health Explicit and Implicit Rate Subsidy					21,882,553
OPEB Obligations - NHRS Medical Subsidy					1,545,299
Net Pension Liability					<u>18,240,209</u>
					<u>41,987,219</u>
					<u>\$ 45,601,930</u>

INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 8 - LEASES

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Annual Payment Amount	Interest Rate	Total Lease Liability	Balance June 30, 2022	Current Portion
Sterling - Energy Improvement Equipment	6/5/2015	13 Years	VAR	2.92%	\$ 5,645,351	\$ 3,350,594	\$ 464,768
Sterling - Energy Improvements	7/1/2021	12 Years	\$ 6,757	3.50%	\$ 66,023	41,316	5,311
TEQ - Touch Screen Wall Boards	8/1/2018	5 Years	\$ 38,749	4.83%	\$ 175,356	36,816	36,816
Connection - Technology	8/1/2018	5 Years	\$ 19,478	NA	\$ 97,390	19,478	19,478
TEQ - Classroom Technology	8/1/2020	6 Years	\$ 19,446	4.99%	\$ 103,663	68,973	16,005
TEQ - Chromebooks	7/1/2020	3 Years	\$ 27,533	4.99%	\$ 82,600	27,534	27,534
TEQ - Notebook Computers	7/17/2020	4 Years	\$ 24,288	4.99%	\$ 95,540	47,752	23,750
Connection - Lenovo Laptops	7/8/2020	5 Years	\$ 7,416	NA	\$ 37,080	22,248	7,416
						<u>\$ 3,614,711</u>	<u>\$ 601,078</u>

Sterling National Bank - On June 5, 2015, the District entered into a 13-year lease purchase agreement with Sterling National Bank, (Lessor), for energy improvement equipment that provides building heating, temperature control and lighting and electricity generation essential to operating school buildings in order to reduce energy and operating costs and to address deferred maintenance issues. On October 28, 2016 the District executed an amendment to the original equipment lease agreement for additional funds needed to complete the acquisition and installation of the Equipment. The amendment added an additional payment schedule.

TEQ Lease Education Finance – The District has entered into a Master Lease Agreement #410 with TEQ Lease Education Finance in order to lease various technology for the District. Currently the District has the following lease schedules under the Master Lease Agreement. Lease Schedule #202 – On August 1, 2018, the District entered into a 5-year lease for touch-screen wall boards. Payments will be made annually in advance. There is a \$1 purchase option at the end of the lease term. Lease Schedule #529 – On August 1, 2020 the District entered into a 6-year lease for Trutouch Multi-touch Display and other Peripherals. Payments will be made annually in advance. There is a \$1 purchase option at the end of the lease term. Lease Schedule #530 – On August 1, 2020, the District entered into a 3-year lease for Chromebooks. Payments will be made annually in advance. There is a \$1 purchase option at the end of the lease term. Lease Schedule #545 – On August 1, 2020, the District entered into a 4-year lease for Notebooks. Payments will be made annually in advance. There is a \$1 purchase option at the end of the lease term.

Connection Financial Services – The District has entered into a Master Lease Agreement with Connection Financial Services in order to lease various technology for the District. Currently the District has the following lease schedules under the Master Lease Agreement. Lease Schedule #1 – On August 6, 2018, the District entered into a 5-year lease for technology equipment. Payments will be made annually in advance. There is a \$1 purchase option at the end of the lease term. Lease Schedule #2 – On July 8, 2020, the District entered into a 5-year lease for Lenovo Laptops. Payments will be made annually in advance. There is a Fair Market Value purchase option at the end of the lease term.

INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 8 – (continued)

Annual requirements to amortize the lease obligations and related interest are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 601,078	\$ 105,196
2024	538,010	88,693
2025	535,795	72,998
2026	550,776	57,170
2027	554,593	40,671
2028 - 2029	834,459	31,973
	<u>\$ 3,614,711</u>	<u>\$ 396,701</u>

NOTE 9 - PENSION PLAN

The District participates in the New Hampshire Retirement System (the "System"), a cost-sharing multiple-employer defined benefit pension plan and trust established in 1967 by RSA 100-A:2 administered by a Board of Trustees. The plan is a contributory plan that provides service, disability, death and vested retirement benefits to members and their beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

The System is funded by contributions from both the employees and the District. Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature while the employer contribution rates are determined by the System Board of Trustees based on an actuarial valuation. Plan members are required to contribute 7.0% of their covered salary. The District's contribution rates for the year ended June 30, 2022, were 17.80% and 11.17% of covered payroll for teachers and other employees, respectively. The District's contributions to the System for the years ending June 30, 2022, 2021, and 2020 were \$2,191,063, \$2,077,054, and \$2,009,883, respectively, equal to the required contributions for each year.

NOTE 10 - COLLECTIVE BARGAINING AGREEMENTS

The District normally negotiates long-term agreements with qualifying employee groups through a formal collective bargaining process. The District voters must ratify the agreement. State budgetary statutes require disclosure of certain aggregate cost items / cost item increases to be incurred during the term of the agreement. Cost items include levels of compensation and related fringe benefits (such as the District portion of employee health, dental, group life and disability insurances) and sick, vacation and other compensated absences, early retirement obligations, and explicit health insurance benefits to retirees.

NOTE 11 – PROPORTIONATE SHARE OF NET PENSION LIABILITY

The District implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense information about the fiduciary net position of the New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan (NHRS) and additions to/deductions from NHRS’s fiduciary net position have been determined on the same basis as they are reported by NHRS.

General Information about the Pension Plan

Plan description. The New Hampshire Retirement System (NHRS) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan). For additional NHRS information, please refer to the fiscal 2021 Comprehensive Annual Financial Report, which can be found on the NHRS website at www.nhrs.org.

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 a benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service OR age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012, the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service, as follows:

Years of creditable service as of January 1, 2012	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.40%
At least 6 but less than 8 years	47	22	2.30%
At least 4 but less than 6 years	48	23	2.20%
Less than 4 years	49	24	2.10%

Contributions. By Statute, the Board of Trustees of the System is responsible for the certification of employer contribution rates, which are determined through the preparation of biennial valuation of the System’s assets by the System’s actuary using the entry age normal cost method.

The employer contributions used in the schedules of employer allocations is a component of total employer contributions presented in the System’s financial statements for the corresponding period.

Actuarial assumptions. The collective total pension liability was based on the following actuarial assumptions:

Inflation	2.0%	
Salary increases	5.6%	average, including inflation
Wage inflation	2.75%	(2.25% for Teachers)
Investment rate of return	6.75%	Net of pension plan investment expense, including inflation

INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 11 – (continued)

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016–June 30, 2019.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>2021 Weighted Average Long-Term Expected Real Rate of Return</u>
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total Domestic Equity	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total International Equity	20.00%	
Core US Fixed Income	25.00%	3.60%
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%	6.60%
TOTAL	100.00%	

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefits payments to determine the collective total pension liability.

INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 11 – (continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current single rate assumption	1% Increase
Employer's proportionate share of the net pension liability:			
June 30, 2022	\$ 26,085,586	\$ 18,240,209	\$ 11,695,884

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

As of June 30, 2022, the District reported a liability of \$18,240,209 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 that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating members, actuarially determined. As of June 30, 2022, the District's proportion was 0.41156457 percent.

For the year ended June 30, 2022, the District recognized pension expense of \$1,814,658. As of June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total Excluding Employer Contributions
Differences between expected and actual experience	\$ 510,752	\$ 190,962	\$ 319,790
Net differences between projected and actual earnings on pension plan investments	-	5,101,368	(5,101,368)
Changes of assumptions	1,905,087	-	1,905,087
Changes in proportion and differences between Employer contributions and proportionate share of contributions	605,873	7,391	598,482
Employer contributions subsequent to the measurement date	2,051,361	-	NA
Total	<u>\$ 5,073,073</u>	<u>\$ 5,299,721</u>	<u>\$ (2,278,009)</u>

INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 11 – (continued)

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows/(Inflows)</u>
2023	\$ (345,512)
2024	(270,489)
2025	(348,327)
2026	<u>(1,313,681)</u>
Total	<u>\$ (2,278,009)</u>

NOTE 12 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – GASB 75

Plan description

GASB Statement 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment 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 post-employment benefits, rather than when they use their post-employment benefit. The post-employment benefit liability is recognized on the Statement of Net Position over time.

GASB No. 75 requires that employers recognize the expected claims of the retiree population less the expected contributions by those retirees. This is not necessarily the same determination as the expected cash payments of the employer for retiree health benefits. The difference is that many post-employment health plans (including the School District's program) charge the same premium rates for all participants in a non-Medicare plan regardless of their age. This single premium rate is called a blended premium rate because it blends the expected claims of both active and retired participants. Retirees are generally older than the average participant in a non-Medicare plan, which means they are expected to generate higher claims than the average participant of the plan; therefore, they are receiving a subsidy even if they pay 100% of the blended premium rate because they would be paying less in premiums than their claims costs. This subsidy is referred to as the "Implicit Rate Subsidy".

Another way of considering the Implicit Rate Subsidy is to assume the retirees were removed from a blended plan and, instead, separately rated. In this scenario, the premium rate for the remaining active population would be lower; therefore, the retirees' premium rate is being subsidized by the premiums for active employees. Since the employer generally pays a portion of the premiums for the active employees, this subsidy creates a liability for the employer.

By comparison, the cash costs are the actual dollars paid by the employer to cover a portion or all of the retirees' premium rates. This is sometimes referred to as the "Explicit Rate Subsidy". This is the benefit that is explicitly stated by the School District that will be paid on behalf of retirees.

GASB 75 reports are required to value both the Implicit Rate Subsidy and the Explicit Rate Subsidy. The district values both the Explicit subsidy and the Implicit Rate Subsidy.

The School District's OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided

The school district provides medical benefits to its eligible retirees. The benefits are provided through fully insured plans that are sponsored by a regional health insurance consortium known as HealthTrust, Inc. Contributions required from retirees and spouses that receive an explicit subsidy range from 5% to 14% depending on the employee classification, date of retirement and plan elected.

INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 12 – (continued)

Employees covered by benefit terms:

As of July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	117
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	<u>189</u>
Total Participants covered by OPEB Plan	<u>306</u>

Total OPEB Liability

The school district's total OPEB liability of \$21,882,553 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

Actuarial assumptions and other inputs

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs:

Discount Rate	3.54%
Healthcare Cost Trend Rates:	
2021 Trend (Pre 65 Single / Two Person / Post 65)	7.10%
2022 Trend	7.00%
Ultimate Trend	4.24%
Year Ultimate Trend is Reached	2090
Salary Increases	3.00%

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, 2022.

Mortality rates: Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 Teachers Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Teachers Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021 fully generational.

NOTE 12 – (continued)

Significant Changes from the Previous Actuarial Valuation

- Increasing the discount rate from 2.21% to 3.54%.
- Initial trend rates were advanced, the model for trends in subsequent years is based on the Getzen Model as updated through September 2021.
- The payroll growth rate was increased from 2.00% to 5.00% for June 30, 2022 and 3.00% for all subsequent years.
- The election rate for employees receiving an access only OPEB was changed from 100% to 50% based on expected future enrollment.
- Mortality assumption changed from SOA RP-2014 Total Dataset Mortality with Scale MP-2019 (Base Year 2006) to Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 Teachers Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Teachers Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021.
- The tables used for retirement and termination assumptions were updated to reflect the most recent tables from the New Hampshire Retirement System Comprehensive Annual Financial Report dated June 30, 2019.
- The morbidity assumptions were updated to use the Dale Yamamoto model published by the Society of Actuaries to give a better projection of anticipated costs as adjusted for age.

Changes in the Total OPEB Liability

	<u>June 30, 2022</u>
OPEB Liability Beginning of Year	\$ 37,169,913
Changes for the year:	
Service Cost	281,935
Plan Change	-
Interest	754,026
Assumption Changes	(9,796,988)
Difference Between Actual and Expected Experience	(5,619,202)
Benefit payments	<u>(907,131)</u>
OPEB Liability End of Year	<u>\$ 21,882,553</u>

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

The following presents the total OPEB Liability, calculated using the discount rate of 3.54%, as well as what the total OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Baseline Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 25,019,920	\$ 21,882,553	\$ 19,322,890

INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 12 – (continued)

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

The following presents the total OPEB Liability, calculated using the trend rate of 7.10%, as well as what the total OPEB Liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	Healthcare Cost Trend Rates		
	<u>1% Decrease</u>	<u>Baseline Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 19,088,814	\$ 21,882,553	\$ 25,297,951

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

For the year ended June 30, 2022, the School District recognized an OPEB expense of \$(3,502,931). As of June 30, 2022, the School District reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Balance, beginning	\$ 2,252,824	\$ 2,230,713	\$ 22,111
Changes in experience	-	5,619,202	(5,619,202)
Changes in assumptions	-	9,796,988	\$ (9,796,988)
Amortization	<u>(2,252,824)</u>	<u>(6,791,716)</u>	<u>4,538,892</u>
Balance, ending	<u>\$ -</u>	<u>\$ 10,855,187</u>	<u>\$ (10,855,187)</u>

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

<u>For the Year Ending June 30,</u>	Deferred Outflows	Deferred Inflows	Net
2023	\$ -	\$ 4,561,003	\$ (4,561,003)
2024	-	4,561,003	(4,561,003)
2025	-	<u>1,733,181</u>	<u>(1,733,181)</u>
Total	<u>\$ -</u>	<u>\$ 10,855,187</u>	<u>\$ (10,855,187)</u>

NOTE 12 – (continued)

B. NEW HAMPSHIRE RETIREMENT SYSTEM MEDICAL SUBSIDY OPEB PLAN

Plan description

In addition to the Implicit and Explicit OPEB plan discussed in A. above, the District participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS is a public employee retirement system which administers a cost-sharing, multiple-employer other postemployment benefit (OPEB) plan. For additional information, please refer to the system's website at www.nhrs.org.

Benefits

Benefit amounts and eligibility requirements 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 I State Employees, Group I Political Subdivision Employees, Group I Teachers, and Group II Police and Firefighters. The 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.

Participating employers are required by GASB No. 75 to recognize *their proportionate share* of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense of the Plan. The employer allocation is the ratio of each employer's contribution to the OPEB Plan's total employer contributions during the measurement period.

Contributions

Funding for the Medical Subsidy comes from employer contributions. Employer contribution rates are set by the NHRS pursuant to RSA 100-A:16, and the biennial actuarial valuation.

Proportionate Share of NHRS Net OPEB Liability

The District's proportionate share of the NHRS Medical Subsidy Net OPEB Liability as of the measurement date was \$1,545,299. The District's proportion of the net OPEB liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating members, actuarially determined. As of June 30, 2022, the District's proportion was 0.38588399 percent.

NOTE 12 – (continued)

Actuarial assumptions and other inputs

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

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

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

Long-Term Rates of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>2021 Weighted Average Long-Term Expected Real Rate of Return</u>
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total Domestic Equity	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total International Equity	20.00%	
Core US Fixed Income	25.00%	3.60%
Total Fixed Income	25.00%	
Private Equity	10.00%	8.85%
Private Debt	5.00%	7.25%
Total Alternative Investments	15.00%	
Real Estate	10.00%	6.60%
TOTAL	<u>100.00%</u>	

INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 12 – (continued)

Discount Rate

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

Sensitivity of the NHRS Medical Subsidy Net OPEB liability to changes in the discount rate

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

	Discount Rate		
	1%	Baseline Rate	1%
	Decrease	Baseline Rate	Increase
Total OPEB Liability	\$ 1,679,862	\$ 1,545,299	\$ 1,428,221

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

For the year ended June 30, 2022, the District recognized an OPEB expense of \$88,229. As of June 30, 2022, the District reported deferred inflows and outflows of resources related to the Net OPEB Liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total exclusive of Employer Contribution
Differences between expected and actual experience	\$ -	\$ 322	\$ (322)
Net differences between projected and actual earnings on OPEB plan investments	-	19,303	(19,303)
Changes of assumptions	-	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	58	(58)
Employer contributions subsequent to the measurement date	139,702	-	NA
Total	<u>\$ 139,702</u>	<u>\$ 19,683</u>	<u>\$ (19,683)</u>

INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 12 – (continued)

Deferred outflows of resources related to OPEB benefits resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB liabilities will be recognized in pension expense as follows:

For the Year Ending June 30,	Deferred Outflows/(Inflows)
2023	\$ (4,752)
2024	(4,068)
2025	(4,559)
2026	(6,304)
Total	<u>\$ (19,683)</u>

C. CONSOLIDATED DISTRICT and NHRS OPEB LIABILITIES

The following consolidates the District's total OPEB liability and related deferred outflows/inflows of resources, and the District's proportionate share of the NHRS Medical Subsidy Net OPEB Liability and related deferred outflows/inflows of resources as of June 30, 2022.

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Total OPEB Expense
Implicit Rate Susidy and Explicit OPEB	\$ 21,882,553	\$ -	\$ 10,855,187	\$ (3,502,931)
NHRS Medical Subsidy OPEB Plan	1,545,299	139,702	19,683	88,229
Total	<u>\$ 23,427,852</u>	<u>\$ 139,702</u>	<u>\$ 10,874,870</u>	<u>\$ (3,414,702)</u>

INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 13 - JOINT VENTURE

The District is a member of a joint venture, School Administrative Unit #2, (SAU). The District has an ongoing financial responsibility to fund the annual operations of the SAU along with the other members of the SAU. The SAU administers the operations of the member districts on a shared fee arrangement calculated under a cost allocation formula which is based on equalized property value and average daily enrollment of the member districts. The SAU does not accumulate financial resources and maintains minimal net position. The member districts and their respective financial responsibility to the SAU for the year ended June 30, 2022, are as follows:

Member School Districts	SAU ASSESSMENT	
	%	Amount
Inter-Lakes	89.71%	\$ 985,309
Ashland	10.29%	112,996
	<u>100.00%</u>	<u>\$ 1,098,305</u>

The financial statements of School Administrative Unit #2 are available for public review, by request, at the SAU #2 Office on Main Street, Meredith, NH 03252.

NOTE 14 - FUND BALANCE COMPONENTS

The District's governmental fund balance components under GASB 54 are comprised of the following:

	General		Nonmajor	Total
	Fund	Grants Fund	Governmental Funds	Governmental Funds
Non-Spendable:				
Prepaid expenditures	\$ 21,373	\$ -	\$ -	\$ 21,373
Restricted:				
Grant restrictions	-	53	151,790	151,843
Capital projects	-	-	3,231	3,231
Committed:				
Capital reserves	1,273,641	-	-	1,273,641
Assigned:				
Food Service Fund	-	-	212,976	212,976
Student Activities	-	-	160,944	160,944
Encumbrances	1,974,801	-	-	1,974,801
Unassigned:	983,894	-	-	983,894
	<u>\$ 4,253,709</u>	<u>\$ 53</u>	<u>\$ 528,941</u>	<u>\$ 4,782,703</u>

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT

For the year ended June 30, 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the district's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use a leased asset. These changes were incorporated into the District's June 30, 2022, financial statements. There was no effect on the beginning net position of the governmental activities.

REQUIRED SUPPLEMENTARY INFORMATION

INTER-LAKES SCHOOL DISTRICT

Budgetary Comparison Schedule - General Fund Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance
Budgetary Fund Balance - Beginning	\$ 715,361	\$ 1,794,564	\$ 2,301,356	\$ 506,792
Resources (inflows):				
School district assessment				
Local school tax	21,263,461	21,263,461	21,263,461	-
Local sources				
Tuition	-	-	73,020	73,020
Earnings on investments	2,000	2,000	1,130	(870)
Other	19,500	19,500	53,269	33,769
State of New Hampshire sources				
School building aid	115,064	115,064	115,064	-
Catastrophic aid	22,571	22,571	22,571	-
Vocational aid	5,000	5,000	9,875	4,875
State education tax	5,987,606	5,987,606	5,987,606	-
Other	-	-	1,995	1,995
Federal sources				
Medicaid distribution	75,000	75,000	193,974	118,974
Federal forest reserve	7,259	7,259	8,150	891
Other	40,000	40,000	57,139	17,139
Amounts available for appropriation	<u>28,252,822</u>	<u>29,332,025</u>	<u>30,088,610</u>	<u>756,585</u>
Charges to appropriations (outflows):				
Instruction				
Regular instruction	9,944,094	10,013,764	9,327,388	686,376
Special education instruction	4,561,624	4,564,038	3,987,998	576,040
Vocational instruction	115,000	115,000	118,045	(3,045)
Other instruction	679,764	679,764	654,042	25,722
Support services				
Student support services	2,064,085	2,145,667	1,981,070	164,597
Instructional staff services	1,837,858	1,964,600	1,694,761	269,839
General administration				
Other school board	163,066	163,866	189,885	(26,019)
Executive administration				
SAU management services	985,309	985,309	985,309	-
School administrative services	1,360,789	1,365,128	1,280,223	84,905
Business services	13,921	13,921	7,362	6,559
Operation and maintenance	3,431,116	4,155,773	3,944,322	211,451
Student transportation	1,545,339	1,547,779	1,481,582	66,197
Support services	1,375,857	1,432,416	1,271,555	160,861
Operating transfers out				
Special revenue funds	-	10,000	10,000	-
Transfer to capital reserve	175,000	175,000	175,000	-
Total charges to appropriations	<u>28,252,822</u>	<u>29,332,025</u>	<u>27,108,542</u>	<u>2,223,483</u>
Budgetary Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,980,068</u>	<u>\$ 2,980,068</u>

See the accompanying notes to the required supplementary information.

INTER-LAKES SCHOOL DISTRICT

Schedule of Changes in Total Implicit Rate Subsidy and Explicit OPEB Liability Year Ended June 30, 2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB Liability Beginning of Year	\$ 34,045,378	\$ 33,925,715	\$ 35,389,219	\$ 36,304,906	\$ 37,169,913
Changes for the Year:					
Service Cost	1,051,478	1,018,482	918,688	938,991	281,935
Plan Change	-	-	-	-	-
Interest	1,204,152	1,296,450	774,294	792,761	754,026
Assumption Changes	(1,555,588)	-	7,204,088	-	(9,796,988)
Difference Between Actual and Expected Experience	-	-	(7,133,379)	-	(5,619,202)
Benefit payments	<u>(819,705)</u>	<u>(851,428)</u>	<u>(848,004)</u>	<u>(866,745)</u>	<u>(907,131)</u>
Total OPEB Liability End of Year	<u>\$ 33,925,715</u>	<u>\$ 35,389,219</u>	<u>\$ 36,304,906</u>	<u>\$ 37,169,913</u>	<u>\$ 21,882,553</u>
District's covered-employee payroll	\$ 10,344,521	\$ 10,551,411	\$ 10,043,152	\$ 10,244,015	\$ 10,855,688
Total OPEB Liability as a percentage of covered payroll	327.96%	335.40%	361.49%	362.85%	201.58%

See the accompanying notes to the required supplementary information.

INTER-LAKES SCHOOL DISTRICT

Schedules of Proportionate Share and Contributions of the NHRS Net OPEB Liability Year Ended June 30, 2022

Schedule of Proportionate Share of Net OPEB Liability New Hampshire Retirement System Medical Subsidy

Fiscal Year	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Net OPEB as a Percentage of Covered Payroll (AAL)	Plan Fiduciary
					Net Position as a Percentage of the Net OPEB Liability
June 30, 2022	0.38588399%	\$ 1,545,299	\$ 11,381,211	14%	11.06%
June 30, 2021	0.38747917%	\$ 1,696,031	\$ 12,367,669	14%	7.74%
June 30, 2020	0.34807208%	\$ 1,525,987	\$ 11,921,556	13%	7.75%
June 30, 2019	0.34351520%	\$ 1,572,770	\$ 11,407,572	14%	7.53%
June 30, 2018	0.43669418%	\$ 1,996,714	\$ 11,104,659	18%	7.91%

Schedule of Medical Subsidy Contributions New Hampshire Retirement System Medical Subsidy

Fiscal Year	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered
					Employee Payroll
June 30, 2022	\$ 185,516	\$ 185,437	\$ (79)	\$ 11,381,211	1.63%
June 30, 2021	\$ 179,938	\$ 179,857	\$ (81)	\$ 12,367,669	1.45%
June 30, 2020	\$ 158,847	\$ 158,847	\$ -	\$ 11,921,556	1.33%
June 30, 2019	\$ 151,947	\$ 151,947	\$ -	\$ 11,407,572	1.33%
June 30, 2018	\$ 258,829	\$ 258,829	\$ -	\$ 11,104,659	2.33%

See the accompanying notes to the required supplementary information.

INTER-LAKES SCHOOL DISTRICT

Schedules of Proportionate Share and Contributions of the Net Pension Liability Year Ended June 30, 2022

Schedule of Proportionate Share of the Net Pension Liability

New Hampshire Retirement System Net Pension Liability

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability		Net Pension as a Percentage of Covered Payroll		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2022	0.41156457%	\$ 18,240,209	\$ 11,381,211	160.27%		72.22%
June 30, 2021	0.41174133%	\$ 26,335,598	\$ 12,367,669	212.94%		58.72%
June 30, 2020	0.39919173%	\$ 19,207,728	\$ 11,921,556	161.12%		65.59%
June 30, 2019	0.39366939%	\$ 18,955,978	\$ 11,407,572	166.17%		64.73%
June 30, 2018	0.37234714%	\$ 18,312,006	\$ 11,104,659	164.90%		62.66%
June 30, 2017	0.36138583%	\$ 19,217,036	\$ 10,540,163	182.32%		58.30%
June 30, 2016	0.35961816%	\$ 14,246,371	\$ 10,397,366	137.02%		65.47%
June 30, 2015	0.35864550%	\$ 13,462,066	\$ 10,027,811	134.25%		66.32%
June 30, 2014	0.34274923%	\$ 14,751,188	\$ 9,622,171	153.30%		59.81%

Schedule of Pension Contributions

New Hampshire Retirement System Pension Contributions

Fiscal Year	Contractually Required Contribution		Contributions Relative to Contractually Required Contribution		Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2022	\$ 1,891,537	\$ 1,890,836	\$ (701)	\$ 11,381,211		16.62%	
June 30, 2021	\$ 1,829,945	\$ 1,829,128	\$ (817)	\$ 12,367,669		14.80%	
June 30, 2020	\$ 1,737,199	\$ 1,737,199	\$ -	\$ 11,921,556		14.57%	
June 30, 2019	\$ 1,664,579	\$ 1,663,874	\$ (705)	\$ 11,407,572		14.59%	
June 30, 2018	\$ 1,364,070	\$ 1,364,070	\$ -	\$ 11,104,659		12.28%	
June 30, 2017	\$ 1,294,047	\$ 1,294,047	\$ -	\$ 10,540,163		12.28%	
June 30, 2016	\$ 1,207,118	\$ 1,206,476	\$ (642)	\$ 10,397,366		11.61%	
June 30, 2015	\$ 1,163,529	\$ 1,163,529	\$ -	\$ 10,027,811		11.60%	
June 30, 2014	\$ 852,880	\$ 852,258	\$ (622)	\$ 9,622,171		8.86%	

See the accompanying notes to the required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - BUDGETARY INFORMATION

A. Original Budget

Governmental budgetary appropriations and estimated revenues are accounted for on a fund basis in accordance with state statutes, administrative rules and local laws, policies or procedures. The budgetary process results in a formally adopted District budget by voters at the annual District meeting. Subsequent regulatory reviews by departments of the State of New Hampshire are made of the budgetary process (warrant articles, required results of votes, etc.), adopted budget and the estimated revenues of the District. After final allocation of state aid programs to the District and approval of final estimated revenues (including the use of beginning unassigned general fund balance), a balanced District budget is achieved in accordance with State statute (the "original" budget). The original budget is the first complete, legally appropriated budget adjusted for appropriate changes occurring *before* the beginning of the year.

B. Budgetary Changes, Transfers, Encumbrances and Continuing Appropriations

Budgetary Changes

In accordance with RSA 198:20-b, appropriations may be made by the school board by applying for, accepting and expending unanticipated funds (money from a state, federal or other governmental unit or a private source) which become available during the year without further action by the District. Such money may be used only for legal purposes for which a school district may appropriate money; shall not require the expenditure of other school district funds except those funds lawfully appropriated for the same purpose; and shall be exempt from the provisions of RSA 32 relative to the limitation of expenditure of school district moneys. The statute requires the school board to hold a public hearing on the action to be taken and to comply with various public notice requirements.

Transfers

The school board may authorize budgetary transfers between allowable appropriations (programs, functions or categories); however, total expenditures may not exceed the total allowable appropriations budgeted (which consists of the original budget plus appropriations allowable under RSA 198:20-b, encumbrances carried forward from the prior year and continuing appropriations, if any).

Encumbrances and Continuing Appropriations

All annual appropriations lapse at year-end unless encumbered. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbrances are not expenditures and are reported as an assignment of fund balance in governmental funds and are carried forward to supplement appropriations of the subsequent year.

Certain appropriations that are not "annual appropriations" do not lapse at year-end. These continuing appropriations include those from special or unanticipated revenues, capital projects and specific items that are not required to have been completed at year-end. Continuing appropriations are reported as a commitment of fund balance in governmental funds and are carried forward to supplement appropriations of the subsequent year.

C. Final Budget

The final budget consists of the original budget adjusted for appropriate legal changes applicable to the year, including those occurring during and after the end of the year.

INTER-LAKES SCHOOL DISTRICT

Notes to Required Supplementary Information
June 30, 2022

NOTE 2 - EXPLANATION OF BUDGETARY TO GAAP DIFFERENCES

Basis and Timing Differences

The basis of accounting or the timing of transactions used or applied by the funds in the basic financial statements (fund financial statements) differs from the basis of accounting or timing of transactions used or applied by the funds for budgetary purposes. The following is an explanation of the differences between budgetary inflows and outflows and GAAP revenues and expenditures.

<u>Budgetary Fund</u>	<u>General Fund</u>
<u>Financial Statement Major Fund</u>	<u>General Fund</u>
Sources / Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 30,088,610
Budgetary inflows that are not revenues for financial reporting purposes:	
Beginning unassigned fund (balance) deficit	(2,301,356)
Revenues for financial reporting purposes that are not inflows for budgetary purposes:	
Capital reserve earnings	<u>5,881</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 27,793,135</u>
Uses / Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 27,108,542
Budgetary outflows that are not expenditures for financial reporting purposes:	
Capital reserve transfer	(175,000)
Transfers to other funds	<u>(10,000)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 26,923,542</u>

INTER-LAKES SCHOOL DISTRICT

Notes to Required Supplementary Information
June 30, 2022

NOTE 3 – REQUIRED OPEB SUPPLEMENTARY INFORMATION

The district is required to prepare its financial statements in accordance with accounting principles generally accepted in the United States. Accordingly, the district is required to disclose its obligations for post-employment benefits. In addition to pensions, these benefits include health insurance paid on behalf of retirees (District Plan) and medical subsidies to retirees paid by the NHRS (NHRS Medical Subsidy Plan). Guidance for the disclosure required is contained in Governmental Accounting Standards Board Statement No. 75 - "*Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*" (GASB No. 75). No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

District OPEB Plan – The District plan as described in the notes to the financial statements is required to report as required supplementary information a **Schedule of Changes in Implicit Rate Subsidy and Explicit OPEB Liability** for the 10 most recent years. Subsequent year's information will be added as it becomes available.

NHRS Medical Subsidy OPEB Plan – The NHRS medical subsidy plan as described in the notes to the financial statements is required to report as required supplementary information the following:

- **Schedule of Proportionate Share of NHRS Net Medical Subsidy OPEB Liability**
- **Schedule of Contributions**

The information presented in the *Schedule of Proportionate Share of NHRS Net Medical Subsidy OPEB Liability* is determined as of the measurement date of the Plan.

The information presented in the *Schedule of Contributions* is determined as of the Plan's most recent fiscal year-end.

This information is required to be reported for the 10 most recent years. Subsequent year's information will be added as it becomes available.

NOTE 4 – GASB 68 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES

In accordance with GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions*, the district is required to disclose historical data for each of the prior ten years within the following schedules:

- **Schedule of the Proportionate Share of Net Pension Liability**
- **Schedule of Pension Contributions**

The information presented in the *Schedule of the Proportionate Share of Net Pension Liability* is determined as of the measurement date of the Plan.

The information presented in the *Schedule of Pension Contributions* is determined as of the Plan's most recent fiscal year-end.

Subsequent year's information will be added as it becomes available until the ten-year requirement is met.

OTHER SUPPLEMENTARY INFORMATION

INTER-LAKES SCHOOL DISTRICT

Combining Balance Sheet - Nonmajor Governmental Funds June 30, 2022

	Food Service Fund	E-Rate	Restricted Donations	Student Activities	Athletic Facilities Construction	Total Nonmajor Governmental Funds
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 160,944	\$ 3,231	\$ 164,175
Due from other governments	180,983	-	-	-	-	180,983
Due from other funds	<u>90,055</u>	<u>85,206</u>	<u>66,584</u>	<u>-</u>	<u>-</u>	<u>241,845</u>
Total assets	<u>\$ 271,038</u>	<u>\$ 85,206</u>	<u>\$ 66,584</u>	<u>\$ 160,944</u>	<u>\$ 3,231</u>	<u>\$ 587,003</u>
Liabilities, Deferred Inflows and Fund Balances						
Liabilities:						
Accounts payable	\$ 45,818	\$ -	\$ -	\$ -	\$ -	\$ 45,818
Total liabilities	<u>45,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,818</u>
Deferred inflows:						
Deferred revenue	<u>12,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,244</u>
Total deferred inflows	<u>12,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,244</u>
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	85,206	66,584	-	3,231	155,021
Committed	-	-	-	-	-	-
Assigned	212,976	-	-	160,944	-	373,920
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>212,976</u>	<u>85,206</u>	<u>66,584</u>	<u>160,944</u>	<u>3,231</u>	<u>528,941</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 271,038</u>	<u>\$ 85,206</u>	<u>\$ 66,584</u>	<u>\$ 160,944</u>	<u>\$ 3,231</u>	<u>\$ 587,003</u>

INTER-LAKES SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2022

	<u>Food Service Fund</u>	<u>E-Rate</u>	<u>Restricted Donations</u>	<u>Student Activities</u>	<u>Athletic Facilities Construction</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues						
Local sources	\$ 53,673	\$ -	\$ 21,805	\$ 147,122	\$ -	\$ 222,600
State of New Hampshire sources	8,067	-	-	-	-	8,067
Federal sources	601,986	40,925	-	-	-	642,911
Operating transfers in	10,000	-	-	-	-	10,000
Total revenues and other financing sources	<u>673,726</u>	<u>40,925</u>	<u>21,805</u>	<u>147,122</u>	<u>-</u>	<u>883,578</u>
Expenditures						
Instruction	-	-	18,320	178,984	-	197,304
Support services	-	2,500	-	-	-	2,500
Food service program	501,203	-	-	-	-	501,203
Total expenditures and other financing uses	<u>501,203</u>	<u>2,500</u>	<u>18,320</u>	<u>178,984</u>	<u>-</u>	<u>701,007</u>
Excess revenue and other financing sources over (under) expenditures and other financing uses	172,523	38,425	3,485	(31,862)	-	182,571
Fund balance, beginning	<u>40,453</u>	<u>46,781</u>	<u>63,099</u>	<u>192,806</u>	<u>3,231</u>	<u>346,370</u>
Fund balance, ending	<u>\$ 212,976</u>	<u>\$ 85,206</u>	<u>\$ 66,584</u>	<u>\$ 160,944</u>	<u>\$ 3,231</u>	<u>\$ 528,941</u>

FEDERAL AWARDS SUPPLEMENTARY INFORMATION

ROBERGE AND COMPANY, P.C.

Certified Public Accountants

Member – American Institute of CPA's (AICPA)
Member – AICPA Government Audit Quality Center (GAQC)
Member – AICPA Private Company Practice Section (PCPS)
Member – New Hampshire Society of CPA's

P.O. Box 129
Franklin, New Hampshire 03235
Tel (603) 524-6734
jroberge@rcopc.com

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

To the School Board
Inter-Lakes School District
Meredith, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Inter-Lakes School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Inter-Lakes School District's basic financial statements, and have issued our report thereon dated December 14, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Inter-Lakes School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Inter-Lakes School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Inter-Lakes School District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Roberge and Co. , P. C.

ROBERGE & COMPANY, P.C.

Franklin, New Hampshire
December 14, 2022

ROBERGE AND COMPANY, P.C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the School Board
Inter-Lakes School District
Meredith, New Hampshire

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Inter-Lakes School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Inter-Lakes School District's major federal programs for the year ended June 30, 2022. Inter-Lakes School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Inter-Lakes School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Inter-Lakes School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Inter-Lakes School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Inter-Lakes School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Inter-Lakes School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Roberge and Co., P.C.

ROBERGE & COMPANY, P.C.

Franklin, New Hampshire

December 14, 2022

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

INTER-LAKES SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022**

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing #	Pass Through ID #	Expenditures of Federal Awards
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through the NH Department of Education</i>			
CHILD NUTRITION CLUSTER			
School Breakfast Program	10.553		\$ 138,372
National School Lunch Program	10.555		418,815
National School Lunch Program	10.555	Supply Chain	26,592
<i>Passed through the NH Surplus Distribution Section</i>			
National School Lunch Program - Commodities	10.555		35,410
			<u>480,817</u>
<i>Passed Through the NH Department of Education</i>			
Fresh Fruit and Vegetable Program	10.582		18,206
			<u>637,395</u>
CHILD NUTRITION CLUSTER TOTAL			<u>637,395</u>
U.S. DEPARTMENT OF AGRICULTURE TOTAL			<u><u>637,395</u></u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed through the NH Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	20220201	240,591
			<u>240,591</u>
SPECIAL EDUCATION CLUSTER			
SPECIAL EDUCATION CLUSTER			
Special Education - Grants to States (IDEA, Part B)	84.027	20205028	7,415
Special Education - Grants to States (IDEA, Part B)	84.027	20220793	183,179
Special Education - Grants to States (IDEA, Part B)	84.027	20220824	36,979
			<u>227,573</u>
Special Education - Preschool Grants (IDEA Preschool)	84.173	20220793	8,639
Special Education - Preschool Grants (IDEA Preschool)	84.173	20220824	3,522
			<u>12,161</u>
			<u>239,734</u>
SPECIAL EDUCATION CLUSTER TOTAL			<u>239,734</u>
Rural and Low Income	84.358	20220673	18,900
			<u>18,900</u>
Supporting Effective Instruction State Grants	84.367	20200600	1,364
Supporting Effective Instruction State Grants	84.367	20210867	19
Supporting Effective Instruction State Grants	84.367	20220616	48,349
			<u>49,732</u>
Student Support and Academic Enrichment Program	84.424	20200378	663
Student Support and Academic Enrichment Program	84.424	20220388	43,327
Student Support and Academic Enrichment Program	84.424	20211001	21
			<u>44,011</u>
COVID-19 - Education Stabilization Fund	84.425D	20211481	714,666
COVID-19 - Education Stabilization Fund	84.425U	20220079	753,974
COVID-19 - Education Stabilization Fund	84.425W	20220701	10,672
			<u>1,479,312</u>
U.S. DEPARTMENT OF EDUCATION TOTAL			<u>2,072,280</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,709,675</u>

See accompanying notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

INTER-LAKES SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards June 30, 2022

1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal award activity of the Inter-Lakes School District under programs of the federal government for the year ended June 30, 2022. The Inter-Lakes School District's reporting entity is defined in Note 1 to the District's basic financial statements. The information in the Schedule of Expenditures of Federal Awards is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Guidance, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Expenditures of Federal Awards presents only a selected portion of the operations of the Inter-Lakes School District and is not intended to and does not present the financial position or changes in net position of the Inter-Lakes School District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting within the governmental funds (general and special revenue) of the District. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds' present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The expenditures reported in the Schedule of Expenditures of Federal Awards are recognized following the applicable cost principles of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Guidance, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and include, but are not limited to, expenditure transactions associated with grants, cost reimbursement grants and contracts, the receipt or use of program income and the distribution or consumption of food commodities (non-cash transactions) and cost reimbursements for nutrition goods and services programs.

Indirect costs included in the Schedule of Expenditures of Federal Awards of the Inter-Lakes School District, when applicable, are based upon an annual indirect cost rate calculation that is approved by the New Hampshire Department of Education and is specifically identified in each grant program award passed through the New Hampshire Department of Education. Accordingly, the Inter-Lakes School District has not elected to use the ten percent (10%) de minimis indirect cost rate allowed under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Guidance, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

3. RELATIONSHIP AND RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

The total expenditures of federal awards per the accompanying schedule of expenditures of federal awards reconciles to the Statement of Revenues, Expenditures and Changes in Fund Balances – Major and Other Governmental Funds as follows:

Schedule of Expenditures of Federal Awards	\$ 2,709,675
Federal Commodities Food Distribution	(35,410)
State/Nonfederal grant programs	8,451
	<u>\$ 2,682,716</u>
 Statement of Revenues, Expenditures, and Changes in Fund Balances	
Major Funds	
Grants Fund	\$ 2,080,730
Nonmajor Funds	
Food Service Fund	
Federal Sources	601,986
	<u>\$ 2,682,716</u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

INTER-LAKES SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
1 - Summary of Auditor's Results
June 30, 2022

Financial Statements

The type of auditor's report issued – Unmodified – All Reporting Units

Internal control over financial reporting:

- Material weaknesses identified – No.
- Significant deficiencies identified – No.
- Was noncompliance material to financial statements noted – No.

Federal Awards

Internal control over major programs:

- Material weaknesses identified – No.
- Significant deficiencies identified – No.

Type of auditor's report issued on compliance for major programs – Unmodified.

Are there any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Guidance, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 2 CFR 200.516 Audit Findings – No.

Identification of major programs:

- Assistance Listing # 84.425 – COVID-19 – Education Stabilization Fund

Dollar Threshold used to distinguish between type A and type B Programs - \$750,000.

Auditee qualified as a low-risk auditee – No.

There were no findings relating to the financial statements required to be reported by standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTER-LAKES SCHOOL DISTRICT

Schedule of Findings and Questioned Costs 3 – Federal Award Findings and Questioned Costs June 30, 2022

There were no findings or questioned costs required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Guidance, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 2 CFR 200.516 Audit Findings.