

**INTER-LAKES SCHOOL DISTRICT**

Meredith, New Hampshire

FINANCIAL STATEMENTS

With Schedule of Expenditures of Federal Awards

June 30, 2021

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

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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 Financial Statements

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, 2021, 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.

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

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

#### Auditor's Responsibility

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

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

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

#### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Inter-Lakes School District, as of June 30, 2021, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability, schedules of proportionate share and contributions of the NHRS net OPEB liability, and schedules of the proportionate share and contributions of 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.

### *Other 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 combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations*, (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor 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 November 10, 2021, 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  
November 10, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Inter-Lakes School District  
For the Year Ended June 30, 2021**

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, 2021.

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 decreased by \$3,173,273 or 7% between June 30, 2020, and 2021.
- The District's total combined net position amounted to \$(45,992,512) as of June 30, 2021. Net position consisted of \$7,968,387 net investment in capital assets, \$346,423 for other purposes, and an unrestricted deficit of \$(54,307,322).
- The District's long-term liabilities, including, capital lease obligations, early retirement obligations, other post-employment benefit obligations, and net pension liabilities, increased by a net (additions less reductions) \$7,822,051 during the year ended June 30, 2021. The ending long-term liabilities consisted of \$859,144 due next year.
- During the year, the District's expenses were \$3,173,273 more than the \$28,784,949 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 \$37,169,913 as of June 30, 2021. 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, 2021

## OVERVIEW OF THE FINANCIAL STATEMENTS

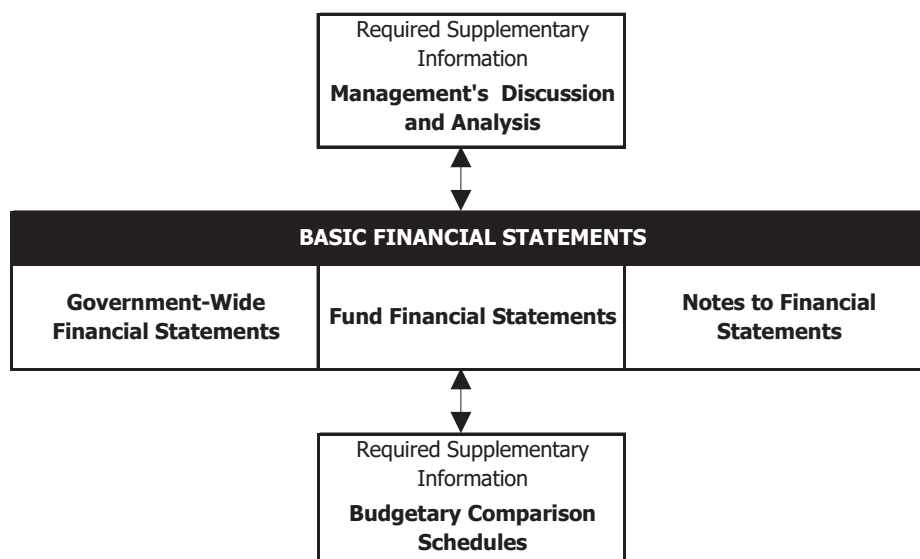
This discussion and analysis is intended to serve as an introduction to the District's annual report, which consists of a series of basic financial statements, notes and related financial or compliance information. The District's financial statements are comprised of six primary sections or components: (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, 2021**

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**

	<b>Government-Wide</b>	<b>Fund Statements</b>	
		<b>Governmental</b>	<b>Fiduciary</b>
<b>SCOPE</b>	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
<b>REQUIRED FINANCIAL STATEMENTS</b>	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
<b>ACCOUNTING BASIS</b>	Accrual	Modified Accrual	Accrual
<b>MEASUREMENT FOCUS</b>	Economic Resources	Current Financial Resources	Economic Resources
<b>TYPE OF INFORMATION ASSETS AND DEFERRED OUTFLOWS, AND LIABILITIES AND DEFERRED INFLOWS</b>	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
<b>TYPE OF INFORMATION REVENUES, EXPENSES, AND EXPENDITURES</b>	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

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Inter-Lakes School District  
For the Year Ended June 30, 2021

## 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, 2021

## 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 decreased between June 30, 2020, and 2021 by \$3,173,273 or 7% to \$(45,992,512).

### Exhibit B-1 NET POSITION

	Governmental Activities		
	2020	2021	Change
<b>Assets</b>	(as restated)		
Current and other assets	\$ 2,750,020	\$ 4,592,737	\$ 1,842,717
Noncurrent assets	<u>12,589,224</u>	<u>12,270,819</u>	<u>(318,405)</u>
<b>Total assets</b>	15,339,244	16,863,556	1,524,312
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>9,782,611</u>	<u>10,445,703</u>	<u>663,092</u>
<b>Total deferred outflows of resources</b>	9,782,611	10,445,703	663,092
<b>Liabilities</b>			
Current liabilities	1,075,238	1,694,302	619,064
Noncurrent liabilities	<u>61,502,583</u>	<u>69,072,033</u>	<u>7,569,450</u>
<b>Total liabilities</b>	62,577,821	70,766,335	8,188,514
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>5,363,273</u>	<u>2,535,436</u>	<u>(2,827,837)</u>
<b>Total deferred inflows of resources</b>	5,363,273	2,535,436	(2,827,837)
<b>Net Position</b>			
Net investment in capital assets	7,920,449	7,968,387	47,938
Restricted	137,499	346,423	208,924
Unrestricted	<u>(50,877,187)</u>	<u>(54,307,322)</u>	<u>(3,430,135)</u>
<b>Total net position</b>	<u>\$ (42,819,239)</u>	<u>\$ (45,992,512)</u>	<u>\$ (3,173,273)</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 \$(54,307,322) as of June 30, 2021.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**Inter-Lakes School District  
For the Year Ended June 30, 2021**

## Change in Net Position

The District's total revenues were \$28,784,949 while total expenses were \$31,958,222, resulting in a decrease in net position of \$3,173,273.

Exhibit B-2 shows that 72.87% of the District's total revenues came from the local school district assessment, while 21.40% came from State of New Hampshire sources including state education taxes (collected by and received from the town). Operating grants and contributions provided 5.27% of total revenues, while 0.23% related to charges for services.

### Exhibit B-2 SOURCES OF DISTRICT REVENUES

	2020		2021	
<b>Program Revenues</b>				
Charges for services	\$ 185,791	0.69%	\$ 66,607	0.23%
Operating grants and contributions	978,673	3.62%	1,517,690	5.27%
<b>General Revenues</b>				
School district assessment	19,629,009	72.59%	20,975,939	72.87%
Local sources	143,210	0.53%	57,672	0.20%
State of New Hampshire sources	6,097,644	22.55%	6,159,782	21.40%
Federal sources	8,293	0.03%	7,259	0.03%
	\$ 27,042,620	100%	\$ 28,784,949	100%

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Inter-Lakes School District  
For the Year Ended June 30, 2021

Exhibit B-3 shows that 45.90% of the District's total expenses were for instruction, 32.49% were for support services and 1.18% of the District's total expenses were made on the food service program. Unallocated expenses represented 20.44% of total expenses.

## Exhibit B-3 DISTRICT EXPENSES

	<u>2020</u>	<u>2021</u>	<u>% of Total</u>	<u>\$ Change</u>
<b>Functions / Programs</b>				
Instruction	\$ 14,141,545	\$ 14,667,512	45.90%	\$ 525,967
Support services	10,663,627	10,384,397	32.49%	(279,230)
Food service program	419,778	376,127	1.18%	(43,651)
<b>Unallocated</b>				
Capital outlay	254,171	347,780	1.09%	93,609
Other uses	5,767,430	4,787,361	14.98%	(980,069)
Depreciation	<u>1,421,229</u>	<u>1,395,045</u>	<u>4.37%</u>	<u>(26,184)</u>
	<u>\$ 32,667,780</u>	<u>\$ 31,958,222</u>	<u>100.00%</u>	<u>\$ (709,558)</u>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Inter-Lakes School District  
For the Year Ended June 30, 2021

## 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

	2020		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Functions / Programs</b>				
Instruction	\$ 14,141,545	\$ 13,609,832	\$ 14,667,512	\$ 13,498,475
Support services	10,663,627	10,663,627	10,384,397	10,336,171
Food service program	419,778	(21,541)	376,127	37,990
<b>Unallocated</b>				
Capital outlay	254,171	119,787	347,780	318,883
Other uses	5,767,430	5,710,382	4,787,361	4,787,361
Depreciation	1,421,229	1,421,229	1,395,045	1,395,045
	\$ 32,667,780	\$ 31,503,316	\$ 31,958,222	\$ 30,373,925

The total cost of all governmental activities this year was \$31,958,222; the total net cost was \$30,373,925. 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 \$27,028,942 which consisted of \$20,975,939 paid in the form of local property taxes and \$6,053,003 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 \$106,779 in school building aid.
- Local revenues include \$7,105 of earnings on investments and \$50,567 of other local revenue.
- Federal sources include \$7,259 of federal forest reserve funds.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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Inter-Lakes School District  
For the Year Ended June 30, 2021

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

### General Fund

The general fund balance increased \$1,545,169 during the year from a surplus balance of \$1,848,947 as of June 30, 2020, to a \$3,394,116 fund balance as of June 30, 2021. \$21,373 of the fund balance was non-spendable prepaid expenses, \$1,092,760 was committed for capital reserves, \$1,079,203 was assigned for encumbrances, and \$1,200,780 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.

### Nonmajor Funds

#### Grants Fund

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

#### 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 \$40,453 as of June 30, 2021.

#### 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 \$192,806 during the year ended June 30, 2021.

#### 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

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Inter-Lakes School District  
For the Year Ended June 30, 2021

## 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.

## Security Improvements Fund

The Security Improvements 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 capital security improvements made at the district facilities.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

For the year ended June 30, 2021, 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 \$230,000.

### **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 \$518,274.
- Actual total outflows, (expenditures or charges to appropriations), were less than the budgeted appropriations by \$1,783,082.
- 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, 2021

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2021, the District had invested \$12,270,819 (\$29,904,913 at cost or estimated cost less accumulated depreciation of \$17,634,094) 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 2.53% from the prior year. This year major changes are also summarized in Exhibit C-1.

### Exhibit C-1 NET CAPITAL ASSETS AND MAJOR ADDITIONS

Net Capital Assets	Governmental Activities		
	2020	2021	Change
Land and improvements	\$ 1,989,276	\$ 1,989,276	0.00%
Buildings	21,756,681	22,480,636	3.33%
Vehicles	54,843	54,843	0.00%
Furniture and equipment	2,946,564	2,927,750	-0.64%
Technology equipment	<u>2,403,450</u>	<u>2,452,408</u>	<u>2.04%</u>
<b>Capital assets, at cost</b>	29,150,814	29,904,913	2.59%
Accumulated depreciation	<u>16,561,590</u>	<u>17,634,094</u>	<u>6.48%</u>
<b>Capital assets, net</b>	<u>\$ 12,589,224</u>	<u>\$ 12,270,819</u>	<u>-2.53%</u>
<b>Increase (Decrease) in Capital Assets, Net</b>		<u>\$ (318,405)</u>	
<b>Changes</b>			
Buildings		\$ 723,955	
Furniture and equipment		113,223	
Technology equipment		239,462	
Depreciation expense		<u>(1,395,045)</u>	
		<u>\$ (318,405)</u>	

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, 2021**

## Debt

As of June 30, 2021, the District had \$69,072,033 of net long-term obligations as summarized in Exhibit C-2.

This amount represents a net increase of 12.31% over the prior year.

### Exhibit C-2 LONG-TERM LIABILITIES

Long-Term Liabilities	Governmental Activities		
	2020	2021	Change
Capital leases	\$ 4,668,775	\$ 4,302,432	-7.85%
Early retirement	401,730	427,203	6.34%
OPEB obligations	37,830,893	38,865,944	2.74%
Net pension liability	19,207,728	26,335,598	37.11%
	62,109,126	69,931,177	12.59%
Less current portion	606,543	859,144	-41.65%
	\$ 61,502,583	\$ 69,072,033	12.31%
<b>Increase (Decrease), Net</b>		<b>\$ 7,569,450</b>	
<b>Changes</b>			
Capital leases executed		\$ 318,883	
Payments made against the capital leases during the year		(685,226)	
Change in early retirement obligations		25,473	
Change in OPEB obligations		1,035,051	
Change in net pension liability		7,127,870	
Change in current portion		(252,601)	
		\$ 7,569,450	

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, 2021, the District was below its legal debt limit of approximately \$318,764,009.

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

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Inter-Lakes School District  
For the Year Ended June 30, 2021

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

District management and the School Board considered many factors when submitting the fiscal year 2021-2022 budget to the District voters.

The proposed operational budget was \$28,465,330. This represents an increase of \$213,448 or 0.76% from the 2020-2021 budget of \$28,251,882. In addition, approved by the voters, was a collective bargaining agreement between the Inter-Lakes School Board and the Inter-Lakes Support Staff Associated with an associated cost increase of \$207,492 and contributions to expendable trust funds of \$175,0000

### Factors Impacting Costs in the General Operating Budget

- The health insurance Guaranteed Maximum Rate (GMR) was an increase of 5.4% with no change to the dental insurance rates. Overall, the budget for health and dental has increased by \$16,327 or 0.40%. This reflects current healthcare subscriptions and anticipated retirements.
- The proposed operating budget primarily maintains staffing levels as presented in March 2020 with some slight changes in hours for support staff, with one area of exception – Custodial Staff. Fiscal year 2020-2021 employed 13.25 FTE custodians. Funds in the 2021-2022 budget were shifted to hire a floating custodian to provide further coverage. This adjustment is reflected as an increase of 1.75 FTE budget to budget. The proposed budget increases current staffing levels for Custodial Staff by 0.75 FTE.
- Due to a change in withholding rates for the New Hampshire Retirement System, overall increases for School District retirement contributions increased by \$438,744.

### Expendable Trusts

- A warrant article adding \$160,000 to the expendable trust for Facilities.
- A warrant article adding \$15,000 to the expendable trust for Special Education.

## 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, 2021

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,999,316
Investments	75,472
Receivables, net	1,034,538
Due from other governments	462,038
Prepaid expenses	21,373
Capital assets:	
Land, improvements, and construction in progress	1,989,276
Other capital assets, net of accumulated depreciation	<u>10,281,543</u>
Total assets	<u>16,863,556</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	7,915,506
Deferred outflows of resources related to debt refinancing	53,102
Deferred outflows of resources related to other post employment benefits	<u>2,477,095</u>
Total deferred outflows of resources	<u>10,445,703</u>
<b>LIABILITIES</b>	
Accounts payable	767,549
Accrued expenses	67,609
Current portion of long-term liabilities	859,144
Early retirement obligations	255,780
Capital lease obligations	3,614,711
Post employment benefit obligation	38,865,944
Net pension liability	<u>26,335,598</u>
Total liabilities	<u>70,766,335</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to unearned revenue	17,040
Deferred inflows of resources - pension	282,769
Deferred inflows of resources related to other post employment benefits	<u>2,235,627</u>
Total deferred inflows of resources	<u>2,535,436</u>
<b>NET POSITION</b>	
Net investment in capital assets	7,968,387
Restricted for:	
Other purposes	346,423
Unrestricted	<u>(54,307,322)</u>
Total net position	<u>\$ (45,992,512)</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, 2021

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	\$ 9,295,601	\$ -	\$ -	\$ (9,295,601)
Special education instruction	3,868,569	46,561	1,113,618	(2,708,390)
Vocational instruction	114,387	-	8,858	(105,529)
Other instruction	1,388,955	-	-	(1,388,955)
Support services				
Student support services	2,610,749	-	48,226	(2,562,523)
Instructional staff services	1,815,095	-	-	(1,815,095)
General administration	180,831	-	-	(180,831)
Executive administration	889,857	-	-	(889,857)
School administrative services	1,238,053	-	-	(1,238,053)
Business services	11,231	-	-	(11,231)
Operation and maintenance	2,290,666	-	-	(2,290,666)
Student transportation	1,347,915	-	-	(1,347,915)
Food service program	376,127	20,046	318,091	(37,990)
Capital outlay	347,780	-	28,897	(318,883)
Other uses / expenses	4,787,361	-	-	(4,787,361)
Depreciation (unallocated)	1,395,045	-	-	(1,395,045)
Total governmental activities	<u>31,958,222</u>	<u>66,607</u>	<u>1,517,690</u>	<u>(30,373,925)</u>
General revenues:				
School district assessment				\$ 20,975,939
Grants and contributions not restricted to specific purposes:				
Local sources				50,567
State of New Hampshire sources				6,159,782
Federal sources				7,259
Investment Income				<u>7,105</u>
Total general revenues				<u>27,200,652</u>
Change in net position				(3,173,273)
Net position, beginning (as restated)				<u>(42,819,239)</u>
Net position, ending				<u>\$ (45,992,512)</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, 2021

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 2,803,279	\$ 196,037	\$ 2,999,316
Investments	75,472	-	75,472
Held by trustees	1,017,287	-	1,017,287
Receivables, net	7,552	9,699	17,251
Due from other governments	346,064	115,974	462,038
Due from other funds	-	115,894	115,894
Prepays	21,373	-	21,373
Total assets	<u>\$ 4,271,027</u>	<u>\$ 437,604</u>	<u>\$ 4,708,631</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 765,254	\$ 2,295	\$ 767,549
Accrued expenses	63,977	3,632	67,609
Due to other funds	44,680	71,214	115,894
Total liabilities	<u>873,911</u>	<u>77,141</u>	<u>951,052</u>
Deferred Inflows of Resources:			
Deferred revenue	3,000	14,040	17,040
Total deferred inflows of resources	<u>3,000</u>	<u>14,040</u>	<u>17,040</u>
Fund balances:			
Nonspendable	21,373	-	21,373
Restricted	-	113,164	113,164
Committed	1,092,760	-	1,092,760
Assigned	1,079,203	233,259	1,312,462
Unassigned	1,200,780	-	1,200,780
Total fund balance	<u>3,394,116</u>	<u>346,423</u>	<u>3,740,539</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,271,027</u>	<u>\$ 437,604</u>	<u>\$ 4,708,631</u>

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

# INTER-LAKES SCHOOL DISTRICT

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## Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2021

**Total Fund Balances - Governmental Funds** \$ 3,740,539

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	\$ 29,904,913	
Less accumulated depreciation	<u>(17,634,094)</u>	12,270,819

Long-term liabilities, including bonds payable, 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:

Capital lease obligations	(4,302,432)	
Early retirement obligations	(427,203)	
OPEB obligation	(38,865,944)	
Net pension liability	<u>(26,335,598)</u>	(69,931,177)

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	(2,518,396)	
Deferred outflows of resources (increase)/decrease	<u>10,445,703</u>	<u>7,927,307</u>

**Total Net Position - Governmental Activities** \$ (45,992,512)

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, 2021

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
School district assessment	\$ 20,975,939	\$ -	\$ 20,975,939
Local sources	68,940	96,460	165,400
State of New Hampshire sources	6,210,724	36,344	6,247,068
Federal sources	191,261	1,198,176	1,389,437
Investment income	<u>7,105</u>	<u>-</u>	<u>7,105</u>
Total revenues	<u>27,453,969</u>	<u>1,330,980</u>	<u>28,784,949</u>
<b>Expenditures</b>			
Instruction	13,904,173	859,112	14,763,285
Support services	3,785,060	45,863	3,830,923
General administration	180,831	-	180,831
Executive administration	8,038,736	-	8,038,736
Food service program	-	376,127	376,127
Capital outlay	<u>318,883</u>	<u>28,897</u>	<u>347,780</u>
Total expenditures	<u>26,227,683</u>	<u>1,309,999</u>	<u>27,537,682</u>
Excess (deficiency) of revenues over expenditures	1,226,286	20,981	1,247,267
<b>Other Financing Sources (Uses)</b>			
Capital lease financing	<u>318,883</u>	<u>-</u>	<u>318,883</u>
Net change in fund balances	1,545,169	20,981	1,566,150
Fund balance, beginning (as restated)	<u>1,848,947</u>	<u>325,442</u>	<u>2,174,389</u>
Fund balance, ending	<u>\$ 3,394,116</u>	<u>\$ 346,423</u>	<u>\$ 3,740,539</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, 2021

**Total Net Change in Fund Balances - Governmental Funds** \$ 1,566,150

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	\$ 1,076,640	
Depreciation expense	<u>(1,395,045)</u>	(318,405)

Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position. (318,883)

Repayment of bond and capital 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>685,226</u>	685,226
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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	(25,473)	
OPEB obligation (increase) decrease	(1,035,051)	
Net pension liability (increase) decrease	<u>(7,127,870)</u>	(8,188,394)

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	2,737,941	
Deferred outflows - increase (decrease)	<u>663,092</u>	<u>3,401,033</u>

**Change in Net Position of Governmental Activities** \$ (3,173,273)

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.

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, 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 a 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.

## 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).

### 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 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.

# INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2021

## 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 capital 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 benefit.

## 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 entities 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 and official 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.

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, 2021, 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 1<sup>st</sup> to July 1<sup>st</sup>.

### 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, 2021, 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, 2021

## NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 3,074,788
	<u>\$ 3,074,788</u>

Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand	\$ 2,800
Deposits with financial institutions	2,996,516
Investments	75,472
	<u>\$ 3,074,788</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, 2021

Investments made by the District as of June 30, 2021, are summarized below:

	<u>Balance</u>	<u>Rating</u>	<u>Rating Agencies</u>
NH Public Deposit Investment Pool	\$ 75,472	The NHPDIP is not rated.	
	<u>\$ 75,472</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	\$ 75,472	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, 2021, \$0 of the District's bank balance of \$3,488,994 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 \$75,472 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, 2021

## NOTE 4 - INTERFUND BALANCES AND TRANSFERS

### Balances

Individual interfund balances as of June 30, 2021, were as follows:

	<u>Due From</u>	<u>Due To</u>
Major Funds:		
General fund	\$ -	\$ 44,680
Nonmajor Funds:		
Grant funds	-	71,214
Food service fund	6,064	-
E-Rate fund	46,781	-
Restricted donations	63,049	-
	<u>\$ 115,894</u>	<u>\$ 115,894</u>

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

### Transfers

There were no individual interfund transfers for the year ended June 30, 2021.

# INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2021

## NOTE 5 - INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

### Intergovernmental Receivables

Intergovernmental receivables as of June 30, 2021, consisted of the following:

	<u>General Fund</u>	<u>Restricted Donations Fund</u>	<u>Grants Fund</u>	<u>Food Service Fund</u>	<u>Total Governmental Funds</u>
Local Governments					
SAU #2	\$ 37,768	\$ -	\$ -	\$ -	\$ 37,768
Town of Sandwich	286,148	-	-	-	286,148
Other	-	50	-	-	50
Federal / State Government					
Pass-through grants and other	<u>22,148</u>	<u>-</u>	<u>76,689</u>	<u>39,235</u>	<u>138,072</u>
	<u>\$ 346,064</u>	<u>\$ 50</u>	<u>\$ 76,689</u>	<u>\$ 39,235</u>	<u>\$ 462,038</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, 2021, 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 \$709,229.
- "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 \$267,123.
- "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 \$40,881.

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 \$75,472.

### Intergovernmental Payables

There were no intergovernmental payables as of June 30, 2021.

# INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2021

## NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Governmental Activities (at cost)</b>				
<b>Capital assets not being depreciated:</b>				
Land and improvements	\$ 106,755	\$ -	\$ -	\$ 106,755
Construction in progress	-	-	-	-
	<u>106,755</u>	<u>-</u>	<u>-</u>	<u>106,755</u>
<b>Capital assets being depreciated:</b>				
Land improvements	1,882,521	-	-	1,882,521
Buildings	21,756,681	723,955	-	22,480,636
Vehicles	54,843	-	-	54,843
Furniture and equipment	2,946,564	113,223	132,037	2,927,750
Technology equipment	2,403,450	239,462	190,504	2,452,408
	<u>29,044,059</u>	<u>1,076,640</u>	<u>322,541</u>	<u>29,798,158</u>
Less accumulated depreciation:				
Land improvements	1,227,771	82,159	-	1,309,930
Buildings	10,971,212	769,907	-	11,741,119
Vehicles	38,621	9,503	-	48,124
Furniture and equipment	2,624,730	122,207	132,037	2,614,900
Technology equipment	1,699,256	411,269	190,504	1,920,021
Accumulated depreciation	<u>16,561,590</u>	<u>1,395,045</u>	<u>322,541</u>	<u>17,634,094</u>
Capital assets being depreciated, net	<u>12,482,469</u>	<u>(318,405)</u>	<u>-</u>	<u>12,164,064</u>
<b>Governmental activities capital assets, Net of accumulated depreciation</b>	<u>\$ 12,589,224</u>	<u>\$ (318,405)</u>	<u>\$ -</u>	<u>\$ 12,270,819</u>

Depreciation expense for the year ended June 30, 2021 (unallocated)

\$ 1,395,045

# INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2021

## 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 accounted for as capital leases. The leased assets are accounted for as capital assets and capital 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, 2021, is as follows:

	Capital Leases	Early Retirement Obligations	OPEB Obligations	Net Pension Liability	Total
Beginning balance	\$ 4,668,775	\$ 401,730	\$ 37,830,893	\$ 19,207,728	\$ 62,109,126
Additions	318,883	25,473	1,901,796	7,127,870	9,374,022
Reductions	(685,226)	-	(866,745)	-	(1,551,971)
Ending balance	<u>4,302,432</u>	<u>427,203</u>	<u>38,865,944</u>	<u>26,335,598</u>	<u>69,931,177</u>
Current portion	687,721	171,423	-	-	859,144
Noncurrent portion	3,614,711	255,780	38,865,944	26,335,598	69,072,033
	<u>\$ 4,302,432</u>	<u>\$ 427,203</u>	<u>\$ 38,865,944</u>	<u>\$ 26,335,598</u>	<u>\$ 69,931,177</u>

Long-term liabilities outstanding as of June 30, 2021, consisted of the following:

	Issue Year	Interest Rate	Maturity Date	Original Amount of Issue	Amount Outstanding 6/30/21
<u>Capital Lease Obligations</u>					
Energy Improvement Lease	2015	na	2029	\$ 5,645,351	\$ 3,796,335
Energy Improvement Lease	2017	na	2029	66,023	46,447
Technology Equipment	2018	na	2022	114,870	23,962
Technology Equipment	2018	na	2022	93,135	19,428
Technology Equipment	2019	na	2023	175,356	71,795
Technology Equipment	2019	na	2023	97,390	38,956
Technology Equipment	2019	na	2021	107,274	25,380
Technology Equipment	2020	na	2022	119,787	39,929
Technology Equipment	2021	na	2023	103,663	84,217
Technology Equipment	2021	na	2023	82,600	55,067
Technology Equipment	2021	na	2021	95,540	71,252
Technology Equipment	2021	na	2022	37,080	29,664
					<u>4,302,432</u>
<u>Other Long-Term Obligations</u>					
Early Retirement					427,203
OPEB Obligations - Health Explicit and Implicit Rate Subsidy					37,169,913
OPEB Obligations - NHRS Medical Subsidy					1,696,031
Net Pension Liability					26,335,598
					<u>65,628,745</u>
					<u>\$ 69,931,177</u>

# INTER-LAKES SCHOOL DISTRICT

## Notes to Basic Financial Statements June 30, 2021

Annual minimum payments under capital lease obligations are as follows:

<u>For the Year Ended June 30,</u>	
2022	\$ 810,913
2023	706,274
2024	626,703
2025	608,793
2026	607,946
2027 to 2029	<u>1,461,696</u>
Total minimum lease payments	4,822,325
Less amount representing imputed interest	<u>(519,893)</u>
Present value of minimum lease payments	<u>\$ 4,302,432</u>

## NOTE 8 - 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, 2021, 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, 2021, 2020, and 2019 were \$2,077,054, \$2,009,883, and \$1,896,045, respectively, equal to the required contributions for each year.

## NOTE 9 - 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 10 – 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 2020 Comprehensive Annual Financial Report, which can be found on the NHRS website at [www.nhrs.org](http://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:

<b>Years of creditable service as of January 1, 2012</b>	<b>Minimum age</b>	<b>Minimum service</b>	<b>Benefit multiplier</b>
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 as of and for the year ended June 30, 2020, is a component of total employer contributions presented in the System's financial statements for the corresponding period.

# INTER-LAKES SCHOOL DISTRICT

## Notes to Basic Financial Statements June 30, 2021

Actuarial assumptions. The collective pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using the following actuarial assumptions:

Inflation	2.00%	
Salary increases	5.60%	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

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

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

The following assumptions were changed in the current year:

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

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. 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>2020 Weighted Average Long-Term Expected Real Rate of Return</u>
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
<b>Total Domestic Equity</b>	<b>30.00%</b>	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
<b>Total International Equity</b>	<b>20.00%</b>	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
<b>Total Fixed Income</b>	<b>25.00%</b>	
Private Equity	10.00%	7.71%
Private Debt	5.00%	4.81%
<b>Total Alternative Investments</b>	<b>15.00%</b>	
<b>Real Estate</b>	<b>10.00%</b>	2.95%
<b>TOTAL</b>	<b><u>100.00%</u></b>	

# INTER-LAKES SCHOOL DISTRICT

## Notes to Basic Financial Statements June 30, 2021

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 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.

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 assuming it was calculated using a single discount rate that is one-percent lower or one-percent higher than the single discount rate:

<u>Fiscal Year Ended</u>	<b>Current single rate</b>		
	<b>1% Decrease</b>	<b>assumption</b>	<b>1% Increase</b>
	<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
June 30, 2021	\$ 34,093,881	\$ 26,335,598	\$ 19,996,053

# INTER-LAKES SCHOOL DISTRICT

**Notes to Basic Financial Statements**  
**June 30, 2021**

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

As of June 30, 2021, the District reported a liability of \$26,335,598 for its proportionate share of the net pension liability. 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, 2021, the District's proportion was 0.41174133 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$4,418,829. As of June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Total exclusive of Employer Contribution</b>
Differences between expected and actual experience	\$ 711,189	\$ 282,769	\$ 428,420
Net differences between projected and actual earnings on pension plan investments	1,628,885	-	1,628,885
Changes of assumptions	2,605,113	-	2,605,113
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,078,782	-	1,078,782
Employer contributions subsequent to the measurement date	<u>1,891,537</u>	<u>-</u>	<u>NA</u>
<b>Total</b>	<b><u>\$ 7,915,506</u></b>	<b><u>\$ 282,769</u></b>	<b><u>\$ 5,741,200</u></b>

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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the Year Ending June 30,</u>	<u>Deferred Outflows/(Inflows)</u>
2022	\$ 1,108,251
2023	1,506,875
2024	1,623,577
2025	<u>1,502,497</u>
<b>Total</b>	<b><u>\$ 5,741,200</u></b>

## **NOTE 11 – 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.

### **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 0% to 14% depending on the employee classification, date of retirement and plan elected.

# INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2021

## Employees covered by benefit terms

As of July 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	109
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	<u>179</u>
Total Participants covered by OPEB Plan	<u><u>288</u></u>

## Total OPEB Liability

The school district's total OPEB liability of \$37,169,913 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

## Actuarial assumptions and other inputs

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.21%
Healthcare Cost Trend Rates:	
2019 - 2020 Trend	-2.00%
2020 - 2021 Trend	9.50%
Decrement	0.50%
Ultimate Trend	5.00%
Year Ultimate Trend is Reached	2030
Salary Increases	2.00%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20 year AA municipal bond rate as of June 30, 2020.

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

### Significant Changes from the Previous Actuarial Valuation

- Decreasing the discount rate from 3.58% to 2.21%
- Trend rates were advanced, and the current year trend rate was adjusted to reflect actual experience.
- Mortality assumption changed from *SOA RP-2-14 Total Dataset Mortality with Scale MP-2017 (Base Rate 2006)* to *SOA RP-2014 Total Dataset Mortality with Scale MP-2019 (Base Rate 2006)*.
- Morbidity factors were adjusted to reflect rates that better reflect expected underlying costs.

# INTER-LAKES SCHOOL DISTRICT

## Notes to Basic Financial Statements June 30, 2021

### Changes in the Total OPEB Liability

	<u>June 30, 2021</u>
OPEB Liability Beginning of Year	\$ 36,304,906
Changes for the year:	
Service Cost	938,991
Plan Change	-
Interest	792,761
Assumption Changes	-
Difference Between Actual and Expected Experience	-
Benefit payments	<u>(866,745)</u>
OPEB Liability End of Year	<u>\$ 37,169,913</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 2.21%, 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	\$ 43,886,735	\$ 37,169,913	\$ 31,838,894

### 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 (2.00%), as well as what the total OPEB Liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>Healthcare Cost Trend Rates</u>		
	<u>1% Decrease</u>	<u>Baseline Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 31,357,665	\$ 37,169,913	\$ 45,609,779

# INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2021

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

For the year ended June 30, 2021, the School District recognized an OPEB expense of \$2,963,777. As of June 30, 2021, 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 as of June 30, 2020	\$ 5,936,182	\$ 4,682,046	\$ 1,254,136
Changes in experience	-	-	-
Changes in assumptions	-		\$ -
Amortization	<u>(3,683,358)</u>	<u>(2,451,333)</u>	<u>(1,232,025)</u>
Balance as of June 30, 2021	<u>\$ 2,252,824</u>	<u>\$ 2,230,713</u>	<u>\$ 22,111</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> 2022	Deferred Outflows	Deferred Inflows	Net
	<u>\$ 2,252,824</u>	<u>\$ 2,230,713</u>	<u>\$ 22,111</u>
Total	<u>\$ 2,252,824</u>	<u>\$ 2,230,713</u>	<u>\$ 22,111</u>

## **B. NEW HAMPSHIRE RETIREMENT SYSTEM MEDICAL SUBSIDY OPEB PLAN**

### **Plan description**

In addition to the OPEB plan discussed in A. above, the District participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer other postemployment benefit (OPEB) plan. For additional information, please refer to the fiscal 2020 Comprehensive Annual Financial Report, which can be found on the system's website at [www.nhrs.org](http://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 OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the Medical Subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the Medical Subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. The OPEB plan is closed to new entrants.

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.

The collective total OPEB liability is based on an actuarial valuation performed as of June 30, 2019, rolled forward to June 30, 2020, utilizing procedures incorporating the actuarial assumptions.

### **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%	(2.25% for Teachers)
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.

# INTER-LAKES SCHOOL DISTRICT

## Notes to Basic Financial Statements June 30, 2021

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

The following assumptions were changed in the current year:

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

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>2020 Weighted Average Long-Term Expected Real Rate of Return</u>
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
<b>Total Domestic Equity</b>	<b>30.00%</b>	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
<b>Total International Equity</b>	<b>20.00%</b>	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
<b>Total Fixed Income</b>	<b>25.00%</b>	
Private Equity	10.00%	7.71%
Private Debt	5.00%	4.81%
<b>Total Alternative Investments</b>	<b>15.00%</b>	
<b>Real Estate</b>	<b>10.00%</b>	2.95%
<b>TOTAL</b>	<b>100.00%</b>	

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.

### Proportionate Share of NHRS Net OPEB Liability

The school district's proportionate share of the NHRS Medical Subsidy Net OPEB Liability as of the measurement date was \$1,696,031.

# INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2021

## 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	\$ 1,841,713	\$ 1,696,031	\$ 1,569,551

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

For the year ended June 30, 2021, the School District recognized an OPEB expense of \$313,909. As of June 30, 2021, the School 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	\$ -	\$ 4,914	\$ (4,914)
Net differences between projected and actual earnings on OPEB plan investments	6,346	-	6,346
Changes of assumptions	10,905	-	10,905
Changes in proportion and differences between Employer contributions and proportionate share of contributions	21,504	-	21,504
Employer contributions subsequent to the measurement date	185,516	-	NA
Total	<u>\$ 224,271</u>	<u>\$ 4,914</u>	<u>\$ 33,841</u>

# INTER-LAKES SCHOOL DISTRICT

## Notes to Basic Financial Statements June 30, 2021

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, 2022. 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:

<u>For the Year Ending June 30,</u>	<u>Deferred Outflows/(Inflows)</u>
2022	\$ 17,752
2023	5,153
2024	6,143
2025	4,793
Total	<u>\$ 33,841</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, 2021.

	<b>OPEB Liability</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Total OPEB Expense</b>
District OPEB Plan	\$ 37,169,913	\$ 2,252,824	\$ 2,230,713	\$ 2,963,777
NHRS Medical Subsidy OPEB Plan	1,696,031	224,271	4,914	313,909
Total	<u>\$ 38,865,944</u>	<u>\$ 2,477,095</u>	<u>\$ 2,235,627</u>	<u>\$ 3,277,686</u>

# INTER-LAKES SCHOOL DISTRICT

**Notes to Basic Financial Statements**  
**June 30, 2021**

## NOTE 12 - 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, 2021, are as follows:

Member School Districts	SAU ASSESSMENT	
	%	Amount
Inter-Lakes	89.61%	\$ 889,857
Ashland	10.39%	103,218
	100.00%	\$ 993,075

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

## NOTE 13 - FUND BALANCE COMPONENTS

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Non-Spendable:			
Prepaid expenditures	\$ 21,373	\$ -	\$ 21,373
Restricted:			
Grant restrictions	-	109,933	109,933
Capital projects	-	3,231	3,231
Committed:			
Capital reserves	1,092,760	-	1,092,760
Assigned:			
Food Service Fund	-	40,453	40,453
Student Activities	-	192,806	192,806
Encumbrances	1,079,203	-	1,079,203
Unassigned:	1,200,780	-	1,200,780
	\$ 3,394,116	\$ 346,423	\$ 3,740,539

# INTER-LAKES SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2021

## NOTE 14 - RESTATEMENT OF EQUITY

Beginning net position/fund balance was restated as follows:

	<b>Nonmajor - Student Activities Fund</b>	<b>Governmental Activities Net Position</b>
Implementation of GASB Statement No. 84	\$ 187,943	\$ 187,943
Net position/fund balance, as previously reported	<u>-</u>	<u>(43,007,182)</u>
Net position/fund balance, as restated	<u>\$ 187,943</u>	<u>\$ (42,819,239)</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

# INTER-LAKES SCHOOL DISTRICT

## Budgetary Comparison Schedule - General Fund Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance
<b>Budgetary Fund Balance - Beginning</b>	\$ 333,580	\$ 563,580	\$ 957,140	\$ 393,560
Resources (inflows):				
School district assessment				
Local school tax	20,975,939	20,975,939	20,975,939	-
Local sources				
Tuition	13,000	13,000	46,561	33,561
Earnings on investments	2,000	2,000	1,152	(848)
Student activities	2,000	2,000	-	(2,000)
Other	11,672	11,672	22,379	10,707
State of New Hampshire sources				
School building aid	106,779	106,779	106,779	-
Catastrophic aid	30,616	30,616	42,084	11,468
Vocational aid	5,000	5,000	8,858	3,858
State education tax	6,053,003	6,053,003	6,053,003	-
Federal sources				
Medicaid distribution	75,000	75,000	129,384	54,384
Federal forest reserve	8,293	8,293	7,259	(1,034)
Other	40,000	40,000	54,618	14,618
Amounts available for appropriation	<u>27,656,882</u>	<u>27,886,882</u>	<u>28,405,156</u>	<u>518,274</u>
Charges to appropriations (outflows):				
Instruction				
Regular instruction	9,738,316	9,738,316	9,335,645	402,671
Special education instruction	4,356,744	4,356,744	3,924,298	432,446
Vocational instruction	125,000	125,000	114,387	10,613
Other instruction	624,083	624,083	529,843	94,240
Support services				
Student support services	1,955,910	1,955,910	1,969,965	(14,055)
Instructional staff services	1,883,901	1,883,901	1,815,095	68,806
General administration				
Other school board	195,476	195,476	180,831	14,645
Executive administration				
SAU management services	889,857	889,857	889,857	-
School administrative services	1,391,090	1,391,090	1,238,053	153,037
Business services	13,921	13,921	11,231	2,690
Operation and maintenance	3,405,228	3,505,228	3,359,585	145,643
Student transportation	1,544,324	1,624,324	1,347,915	276,409
Support services	1,338,032	1,388,032	1,192,095	195,937
Operating transfers out				
Transfer to capital reserve	195,000	195,000	195,000	-
Total charges to appropriations	<u>27,656,882</u>	<u>27,886,882</u>	<u>26,103,800</u>	<u>1,783,082</u>
<b>Budgetary Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,301,356</u>	<u>\$ 2,301,356</u>

See the accompanying notes to the required supplementary information.

## INTER-LAKES SCHOOL DISTRICT

### Schedule of Changes in Total OPEB Liability Year Ended June 30, 2021

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

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, 2021

### 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, 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, 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, 2021

### 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, 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	Contributions Relative to		Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution			
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 a reservation of fund balances 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 reservation of fund balances 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, 2021

## 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>
<b>Sources / Inflows of Resources:</b>	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 28,405,156
Budgetary inflows that are not revenues for financial reporting purposes:	
Beginning unassigned fund (balance) deficit	(957,140)
Revenues for financial reporting purposes that are not inflows for budgetary purposes:	
Capital reserve earnings	<u>5,953</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 27,453,969</u>
<b>Uses / Outflows of Resources:</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 26,103,800
Budgetary outflows that are not expenditures for financial reporting purposes:	
Capital reserve transfer	(195,000)
Expenditures for financial reporting that are not outflows for budgetary purposes:	
Capital lease expenditures	<u>318,883</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 26,227,683</u>

# INTER-LAKES SCHOOL DISTRICT

Notes to Required Supplementary Information  
June 30, 2021

## 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 Total 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, 2021

	<u>Grants Fund</u>	<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>
<b>Assets</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 192,806	\$ 3,231	\$ 196,037
Receivables, net	-	9,699	-	-	-	-	9,699
Due from other governments	76,689	39,235	-	50	-	-	115,974
Due from other funds	-	6,064	46,781	63,049	-	-	115,894
Total assets	<u>\$ 76,689</u>	<u>\$ 54,998</u>	<u>\$ 46,781</u>	<u>\$ 63,099</u>	<u>\$ 192,806</u>	<u>\$ 3,231</u>	<u>\$ 437,604</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ 1,790	\$ 505	\$ -	\$ -	\$ -	\$ -	\$ 2,295
Accrued expenses	3,632	-	-	-	-	-	3,632
Due to other funds	71,214	-	-	-	-	-	71,214
Total liabilities	<u>76,636</u>	<u>505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,141</u>
Deferred inflows:							
Deferred revenue	-	14,040	-	-	-	-	14,040
Total deferred inflows	<u>-</u>	<u>14,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,040</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	53	-	46,781	63,099	-	3,231	113,164
Committed	-	-	-	-	-	-	-
Assigned	-	40,453	-	-	192,806	-	233,259
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>53</u>	<u>40,453</u>	<u>46,781</u>	<u>63,099</u>	<u>192,806</u>	<u>3,231</u>	<u>346,423</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 76,689</u>	<u>\$ 54,998</u>	<u>\$ 46,781</u>	<u>\$ 63,099</u>	<u>\$ 192,806</u>	<u>\$ 3,231</u>	<u>\$ 437,604</u>

# INTER-LAKES SCHOOL DISTRICT

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2021

	<b>Grants Fund</b>	<b>Food Service Fund</b>	<b>E-Rate</b>	<b>Restricted Donations</b>	<b>Student Activities</b>	<b>Athletic Facilities Construction</b>	<b>Security Improvements</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>								
Local sources	\$ -	\$ 20,046	\$ -	\$ 28,188	\$ 48,226	\$ -	\$ -	\$ 96,460
State of New Hampshire sources	-	7,447	-	-	-	-	28,897	36,344
Federal sources	<u>839,221</u>	<u>338,493</u>	<u>20,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,198,176</u>
Total revenues and other financing sources	<u>839,221</u>	<u>365,986</u>	<u>20,462</u>	<u>28,188</u>	<u>48,226</u>	<u>-</u>	<u>28,897</u>	<u>1,330,980</u>
<b>Expenditures</b>								
Instruction	839,221	-	-	19,891	-	-	-	859,112
Support services	-	-	2,500	-	43,363	-	-	45,863
Food service program	-	376,127	-	-	-	-	-	376,127
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,897</u>	<u>28,897</u>
Total expenditures and other financing uses	<u>839,221</u>	<u>376,127</u>	<u>2,500</u>	<u>19,891</u>	<u>43,363</u>	<u>-</u>	<u>28,897</u>	<u>1,309,999</u>
Excess revenue and other financing sources over (under) expenditures and other financing uses	-	(10,141)	17,962	8,297	4,863	-	-	20,981
Fund balance, beginning (as restated)	<u>53</u>	<u>50,594</u>	<u>28,819</u>	<u>54,802</u>	<u>187,943</u>	<u>3,231</u>	<u>-</u>	<u>325,442</u>
Fund balance, ending	<u>\$ 53</u>	<u>\$ 40,453</u>	<u>\$ 46,781</u>	<u>\$ 63,099</u>	<u>\$ 192,806</u>	<u>\$ 3,231</u>	<u>\$ -</u>	<u>\$ 346,423</u>

**FEDERAL AWARDS SUPPLEMENTARY INFORMATION**

# ROBERGE AND COMPANY, P.C.

## Certified Public Accountants

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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, 2021, 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 November 10, 2021.

#### **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.

## **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  
November 10, 2021

# ROBERGE AND COMPANY, P.C.

## Certified Public Accountants

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### **INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL 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**

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, 2021. 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.

#### **Management’s Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of Inter-Lakes School District’s major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Inter-Lakes School District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Inter-Lakes School District’s compliance.

#### **Opinion on Each Major Federal Program**

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, 2021.

## Report on Internal Control Over Compliance

Management of Inter-Lakes School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Inter-Lakes School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Inter-Lakes School District's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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  
November 10, 2021

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**INTER-LAKES SCHOOL DISTRICT**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021**

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing #	Pass Through ID #	Expenditures of Federal Awards	Expenditures to Subrecipients
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed through the NH Department of Education</i>				
Fresh Fruit and Vegetable Program	10.582		\$ 27,849	\$ -
<b>CHILD NUTRITION CLUSTER</b>				
School Breakfast Program	10.553		82,856	-
National School Lunch Program	10.555		227,788	-
National School Lunch Program - Commodities	10.555		31,708	-
			259,496	-
			342,352	-
<b>CHILD NUTRITION CLUSTER TOTAL</b>			342,352	-
<b>U.S. DEPARTMENT OF AGRICULTURE TOTAL</b>			370,201	-
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed through the NH Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	210	207	-
Title I Grants to Local Educational Agencies	84.010	102379	228,681	-
			228,888	-
<b>SPECIAL EDUCATION CLUSTER</b>				
Special Education - Grants to States (IDEA, Part B)	84.027	5028	2,480	-
Special Education - Grants to States (IDEA, Part B)	84.027	95612	3,104	-
<b>SPECIAL EDUCATION CLUSTER TOTAL</b>			5,584	-
Rural and Low Income	84.358	90707	11,581	-
Rural and Low Income	84.358	707	17,060	-
Rural and Low Income	84.358	11254	20,400	-
			49,041	-
Supporting Effective Instruction State Grants	84.367	10867	60,881	-
Supporting Effective Instruction State Grants	84.367	600	36,336	-
Supporting Effective Instruction State Grants	84.367	90600	1,078	-
			98,295	-
Student Support and Academic Enrichment Program	84.424	11001	32,620	-
Student Support and Academic Enrichment Program	84.424	90378	8,616	-
			41,236	-
COVID-19 - Education Stabilization Fund	84.425D	797	136,686	-
<b>U.S. DEPARTMENT OF EDUCATION TOTAL</b>			559,730	-
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 929,931	\$ -

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, 2021

### 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, 2021. 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 OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments (codified in 2 CFR Part 225), or 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:

<b>Schedule of Expenditures of Federal Awards</b>	\$ 929,931
Federal Commodities Food Distribution	(31,708)
State/Nonfederal grant programs	23,356
	<u>\$ 921,579</u>
 <b>Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	
Major Funds	
Grants Fund	\$ 583,086
Food Service Fund	
Federal Sources	310,644
Fresh Fruits and Vegetable Program	27,849
	<u>\$ 921,579</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, 2021**

## **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 – None Reported.
- Noncompliance material to financial statements noted? – No.

## **Federal Awards**

Internal control over major programs:

- Material weaknesses identified – No.
- Significant deficiencies identified – None Reported.

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:

- CHILD NUTRITION CLUSTER
  - CFDA # 10.553 – School Breakfast Program
  - CFDA # 10.555 – National School Lunch Program
- CFDA # 84.010 – Title I Grants to Local Educational Agencies

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

Auditee qualified as a low-risk auditee – No.

# INTER-LAKES SCHOOL DISTRICT

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## Schedule of Findings and Questioned Costs 2 - Financial Statement Findings June 30, 2021

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

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## Schedule of Findings and Questioned Costs 3 – Federal Award Findings and Questioned Costs June 30, 2021

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.