

**SHAKER REGIONAL SCHOOL DISTRICT**

Belmont and Canterbury, 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

Schedule of Findings and Questioned Costs

# SHAKER REGIONAL 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)  
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Member – AICPA Private Company Practice Section (PCPS)  
Member – New Hampshire Society of CPA's

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### INDEPENDENT AUDITOR'S REPORT

To the School Board  
Shaker Regional School District  
Belmont, 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 Shaker Regional School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Shaker Regional 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 Shaker Regional 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 Schedule – General Fund, Schedule of Changes in Total District OPEB Liability, Schedules of Proportionate Share and Contributions of the NHRS Net OPEB Liability, and Schedules of Proportionate Share and Contributions of the Net Pension Liability as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Shaker Regional School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and 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 not a required part of the basic financial statements.

The combining and individual 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 and individual 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 October 7, 2021, on our consideration of the Shaker Regional School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Shaker Regional School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shaker Regional School District's internal control over financial reporting and compliance.

*Roberge and Co., P.C.*

**ROBERGE & COMPANY, P.C.**

Franklin, New Hampshire  
October 7, 2021

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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Shaker Regional School District  
For the Year Ended June 30, 2021

The Superintendent of Schools and the Business Administrator, as "management" of the Shaker Regional School District (the "District"), a K-12 local education authority located in the Counties of Belknap and Merrimack, 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 \$1,367,062 or 17% between June 30, 2020, and 2021.
- The District's total combined net position amounted to \$(9,389,032) as of June 30, 2021. Net position consisted of \$10,070,125 net investment in capital assets; \$190,103 restricted for nonmajor funds; and an unrestricted net deficit of (\$19,649,260).
- The District's long-term liabilities, consisting of capital leases, compensated absences and early retirement obligations, other postemployment benefit obligations, and net pension liability increased by \$6,014,579 during the year ended June 30, 2021.
- During the year, the District's expenses were \$1,367,062 more than the \$24,863,967 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).
- In March of 2003 voters authorized the establishment of the Special Education Expendable Trust Fund, which, in accordance with State statute, is held by the Trustees of Trust Funds of the Town of Belmont. The balance in the fund as of June 30, 2021, was \$322,756.
- In March of 1997 voters authorized the establishment of the School Facilities and Grounds Maintenance Expendable Trust Fund, which, in accordance with State statute, is held by the Trustees of Trust Funds of the Town of Belmont. During the year \$100,000 was added into the fund and \$144,403 was removed from the fund, leaving a balance of \$286,438 in the fund as of June 30, 2021.
- In March of 2009 voters authorized the establishment of the Energy Expendable Trust Fund, for unanticipated price increases in fuel oil, diesel, and/or electricity, which, in accordance with State statute, is held by the Trustees of Trust Funds of the Town of Belmont. In March of 2019 the district meeting voted to Discontinue the fund and return it to the general fund.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Shaker Regional School District  
For the Year Ended June 30, 2021**

- In March of 2010 voters authorized the establishment of the Energy Conservation Upgrades Expendable Trust Fund, for installing energy conservation upgrades, which, in accordance with State statute, is held by the Trustees of Trust Funds of the Town of Belmont. The School Board is designated as agents on the fund. The balance in the fund was \$953 as of June 30, 2021.
- In March 2010, voters authorized the creation of the School Technology Expendable Trust Fund, which, in accordance with State statute, is held by the Trustees of Trust Funds of the Town of Belmont. \$20,000 was added to the fund in 2021. The balance in the fund as of June 30, 2021, was \$72,741.
- In March 2011, voters authorized the creation of a Land Purchase Capital Reserve Trust Fund, which, in accordance with State statute, is held by the Trustees of Trust Funds of the Town of Belmont. The fund had a balance of \$26,627 as of June 30, 2021.
- In March 2008, voters authorized the creation of the Gale School Renovation Fund, which, in accordance with State statute, is held by the Trustees of Trust Funds of the Town of Belmont. The entire fund was withdrawn during the year ended June 30, 2021.
- In March 2018, voters authorized the creation of the Accounting Software Expendable Fund, which, in accordance with State statute, is held by the Trustees of Trust Funds of the Town of Belmont. The School Board is designated as agents on the fund. \$20,000 was added to the fund in 2021. The fund had a balance of \$60,698 as of June 30, 2021.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

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Shaker Regional 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,
- (6) Federal awards.

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

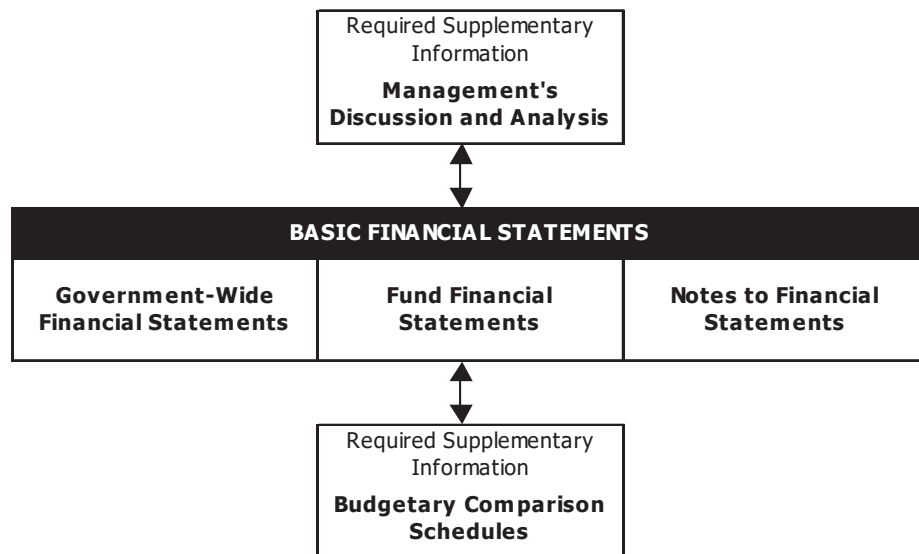
- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations 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 funds 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Shaker Regional School District  
For the Year Ended June 30, 2021

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

**Shaker Regional 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

	Government-Wide	Fund Statements	
		Governmental	Fiduciary
<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	Balance Sheet	Statement of Fiduciary Net Position
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances	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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Shaker Regional 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 non-financial 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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Shaker Regional School District  
For the Year Ended June 30, 2021

## **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 has two kinds of 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 help 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.

Fiduciary Funds – The District is the trustee or custodian (fiduciary) for and custodial (class account) funds. It is responsible as the fiduciary for ensuring that these funds are used only for the intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these funds from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Shaker Regional 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 \$1,367,062 or 17% to \$(9,389,032).

### Exhibit B-1 NET POSITION

	Governmental Activities		
	2020	2021	Change
<b>Assets</b>			
Current and other assets	\$ 3,115,120	\$ 3,838,417	\$ 723,297
Noncurrent assets	<u>11,600,070</u>	<u>11,492,581</u>	<u>(107,489)</u>
<b>Total assets</b>	14,715,190	15,330,998	615,808
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>3,972,612</u>	<u>7,240,951</u>	<u>3,268,339</u>
<b>Total deferred outflows of resources</b>	3,972,612	7,240,951	3,268,339
<b>Liabilities</b>			
Current liabilities	710,539	495,207	(215,332)
Noncurrent liabilities	<u>24,236,180</u>	<u>30,317,155</u>	<u>6,080,975</u>
<b>Total liabilities</b>	24,946,719	30,812,362	5,865,643
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>1,763,053</u>	<u>1,148,619</u>	<u>(614,434)</u>
<b>Total deferred inflows of resources</b>	1,763,053	1,148,619	(614,434)
<b>Net Position</b>			
Net investment in capital assets	10,132,706	10,070,125	(62,581)
Restricted	224,397	190,103	(34,294)
Unrestricted	<u>(18,379,073)</u>	<u>(19,649,260)</u>	<u>(1,270,187)</u>
<b>Total net position</b>	<u>\$ (8,021,970)</u>	<u>\$ (9,389,032)</u>	<u>\$ (1,367,062)</u>

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

- The District's investment in capital assets (land and land improvements, buildings, vehicles, furniture and equipment, net of accumulated depreciation), net of related debt, is the largest component of the total combined net position.
- Restricted net position represents specific fund amounts that are not available for discretionary spending.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Shaker Regional School District  
For the Year Ended June 30, 2021**

Unrestricted net position is a negative (\$19,649,260); however, that does not mean that the District has a significant payment requirement for next year. Rather, it is the result of having long-term commitments that are more than currently available resources. This is primarily due to the recording of the District's \$23,078,922 proportionate share of the New Hampshire Retirement System net pension liability under the requirements of GASB 68 and the recording of the \$4,914,015 liability for other post-employment benefits under the requirements of GASB 75.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**Shaker Regional School District  
For the Year Ended June 30, 2021**

## Change in Net Position

The District's total revenues were \$24,863,967 while total expenses were \$26,231,029 and resulted in a decrease in net position of \$1,367,062.

Exhibit B-2 shows that a significant portion, 88.68% and 91.81%, for the fiscal years ended June 30, 2021, and 2020, respectively came from sources that are primarily derived from local and state-wide property taxes and other state aid programs. Significant increases or decreases in the percentage of total revenues or percentages and amounts over or under the prior year revenue amounts for the District's revenue categories are as follows:

- School district assessment, 55.66% and 61.48% for the fiscal years ended June 30, 2021, and 2020, respectively, a decrease in the percentage of total revenue of 5.82% and a decrease of \$667,148 from the prior year.
- State of New Hampshire sources intergovernmental revenues, 33.02% and 30.33% for the fiscal years ended June 30, 2021, and 2020, respectively, a decrease in the percentage of total revenues of 2.69% and an increase of \$1,053,297 over the prior year.
- Operating grants and contributions, 9.09% and 5.13% for the fiscal years ended June 30, 2021, and 2020, respectively, an increase in the percentage of total revenues of 3.96%, and an increase of \$1,049,384 over the prior year.

### Exhibit B-2 SOURCES OF DISTRICT REVENUES

	<b>Governmental Activities</b>				
	<b>2020</b>	<b>% of Total</b>	<b>2021</b>	<b>% of Total</b>	<b>\$ Change</b>
<b>Program Revenues</b>					
Charges for services	\$ 613,336	2.60%	\$ 82,267	0.33%	\$ (531,069)
Operating grants and contributions	1,210,985	5.13%	2,260,369	9.09%	1,049,384
<b>General Revenues</b>					
School district assessment	14,507,154	61.48%	13,840,006	55.66%	(667,148)
Local sources	94,314	0.40%	467,767	1.88%	373,453
State of New Hampshire sources	7,157,156	30.33%	8,210,453	33.02%	1,053,297
Miscellaneous	13,582	0.06%	3,105	0.01%	(10,477)
	<u>\$ 23,596,527</u>	<u>99.9%</u>	<u>\$ 24,863,967</u>	<u>100.00%</u>	<u>\$1,267,440</u>



# MANAGEMENT'S DISCUSSION AND ANALYSIS

**Shaker Regional School District  
For the Year Ended June 30, 2021**

## Expenses

Exhibit B-3 shows that a significant portion, 86.42% and 91.71% for the fiscal years ended June 30, 2021 and 2020, respectively, of the District's total expenses were for instruction and support services.

Significant increase or decreases in the percentage of total expenses or percentages and amounts over or under the prior year expense amounts for the District's expense categories are as follows:

- Instruction expenses, 56.59% and 57.24% for the fiscal years ended June 30, 2021, and 2020, respectively, a decrease in the percentage of total expenses of 0.65% and an increase of \$1,415,924 over the prior year.
- Support services, 29.83% and 34.47% for the fiscal years ended June 30, 2021, and 2020, respectively, a decrease in the percentage of total expenses of 4.64% and a decrease of \$262,769 from the prior year.
- Unallocated other uses, 11.56% and 5.94% for the fiscal years ended June 30, 2021, and 2020, respectively, an increase in the percentage of total expenses of 5.62% and an increase of \$1,639,019 over the prior year.

### Exhibit B-3 DISTRICT EXPENSES

	Governmental Activities				
	2020	%	2021	%	\$ Change
<b>Functions / Programs</b>					
Instruction	\$ 13,428,747	57.24%	\$ 14,844,671	56.59%	\$ 1,415,924
Support services	8,086,740	34.47%	7,823,971	29.83%	(262,769)
Food service program	551,167	2.35%	529,955	2.02%	(21,212)
<b>Unallocated</b>					
Capital outlay	185,462	0.79%	70,175	0.27%	(115,287)
Other uses	505,194	2.15%	2,170,048	8.27%	1,664,854
Depreciation	702,784	3.00%	792,209	3.02%	89,425
	<u>\$ 23,460,094</u>	<u>100.00%</u>	<u>\$ 26,231,029</u>	<u>100.00%</u>	<u>\$ 2,770,935</u>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**Shaker Regional 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, of each function. The net cost reflects the amount that was funded by general revenues (principally the school district assessment which is derived by 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	\$ 13,428,747	\$ 12,512,637	\$ 14,844,671	\$ 12,916,595
Support services	8,086,740	7,670,082	7,823,971	7,772,198
Food service program	551,167	59,614	529,955	167,168
<b>Unallocated</b>				
Capital outlay	185,462	185,462	70,175	70,175
Other uses	505,194	505,194	2,170,048	2,170,048
Depreciation	702,784	702,784	792,209	792,209
	\$ 23,460,094	\$ 21,635,773	\$ 26,231,029	\$ 23,888,393

The total cost of all governmental activities this year was \$26,231,029; the total net cost was \$23,888,393. The primary financing for these activities of the District was as follows:

### Property taxes

- The amount that was paid by taxpayers through property taxes was \$15,863,759, which consisted of \$13,840,006 paid in the form of local property taxes and \$2,023,753 paid in the form of property taxes under the State of New Hampshire state-wide education tax system for the annual school district assessment.

### State sources

- \$6,179,073 was received as an "adequacy grant".
- \$7,627 was received in vocational aid.

### Local sources

- Earnings on investments in the amount of \$3,105.
- Other local sources in the amount of \$467,767.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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Shaker Regional School District  
For the Year Ended June 30, 2021

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

### General Fund

The total general fund balance increased \$899,861 during the year from a fund balance of \$2,413,975 as of June 30, 2020, to a \$3,313,836 fund balance as of June 30, 2021. The June 30, 2021, fund balance consisted of \$85,981 of non-spendable prepaid expenses, \$770,212 committed for capital reserves, \$140,000 committed at the district meeting, \$285,471 assigned by the school board for encumbrances and an unassigned fund balance in the amount of \$2,032,172.

### Major Special Revenue Funds

#### Grants Fund

Federal and state projects are classified as special revenue funds and are reported as a major fund in the basic financial statements. They are operated on a cost reimbursement basis. As a result, there is no fund balance.

### Nonmajor Funds

#### Food Service Fund

The food service fund is classified as a special revenue fund and is aggregated in the category nonmajor funds in the basic financial statements. The food service total fund balance received an operating transfer of \$134,606 from the general fund during the year and had a nonspendable fund balance of \$23,358 as of June 30, 2021, which represents inventory on hand.

#### Student Activities Fund

The student activities fund is classified as a special revenue fund and is aggregated in the category nonmajor funds in the basic financial statements. The student activities fund is used to account for fundraising activities used to fund student groups and fieldtrips. The student activities fund had a fund balance of \$166,745 as of June 30, 2021.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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Shaker Regional School District  
For the Year Ended June 30, 2021

## GENERAL FUND BUDGETARY HIGHLIGHTS

For the year ended June 30, 2021, the District revised its statutory budgetary line items through budgetary transfers.

### Final Versus Original Budget Comparisons

The final budget varied from the original budget for the following items:

- Encumbrances in the amount of \$73,008 were carried forward to supplement the original budget approved by voters.

### 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 a positive variance of \$1,110,487.
- The original budget for the general fund in the amount of \$23,371,772 consists of the total appropriation voted of \$25,006,772 less amounts representing offsets for other funds; \$575,000 for the Food Service Fund and \$1,060,000 for the Federal and State Projects Fund.
- Actual total outflows (expenditures or charges to appropriations) were less than the budgeted total appropriation by a positive variance of \$1,433,137.
- 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

Shaker Regional 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 \$11,492,581 (\$22,668,699 at cost or estimated cost less accumulated depreciation of \$11,176,118) in a broad range of capital assets, including land and land improvements, buildings, furniture, and general equipment assets as summarized in Exhibit C-1.

This amount represents a net decrease of \$107,489 or 0.93% from the prior year. This year's major additions 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	\$ 1,160,159	1,160,159	0.00%
Buildings	16,156,410	16,248,315	0.57%
Vehicles	147,458	147,458	0.00%
Furniture and equipment	4,529,070	5,112,767	12.89%
<b>Capital assets, at cost</b>	<b>21,993,097</b>	<b>22,668,699</b>	<b>3.07%</b>
Accumulated depreciation	10,393,027	11,176,118	7.53%
<b>Capital assets, net</b>	<b>\$ 11,600,070</b>	<b>\$ 11,492,581</b>	<b>-0.93%</b>
<b>Increase (Decrease) in Capital Assets, Net</b>		<b>\$ (107,489)</b>	
<b>Major Changes</b>			
Buildings		\$ 91,905	
Furniture and equipment		592,815	
Depreciation expense		(792,209)	
		<b>\$ (107,489)</b>	

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**Shaker Regional School District  
For the Year Ended June 30, 2021**

## Debt

As of June 30, 2021, the District had \$30,317,155 of net long-term obligations (\$30,719,447 in total obligations less the current portion of \$402,292) as summarized in Exhibit C-2.

This amount represents a net increase of \$6,080,155 or 25.09% over the prior year.

### Exhibit C-2 LONG-TERM LIABILITIES

Long-Term Liabilities	Governmental Activities		
	2020	2021	Change
Capital leases	\$ 1,467,364	\$ 1,422,456	-3.06%
Compensated absences	33,692	52,057	54.51%
Early retirement	1,332,628	1,251,997	-6.05%
Other postemployment benefit obligations	4,635,423	4,914,015	6.01%
Net pension liability	17,235,761	23,078,922	33.90%
	24,704,868	30,719,447	24.35%
Less current portion	468,688	402,292	14.17%
	\$ 24,236,180	\$ 30,317,155	25.09%
<b>Increase (Decrease), Net</b>		<b>\$ 6,080,975</b>	
<b>Significant Changes</b>			
Capital leases executed during the year		\$ 108,680	
Payments made against capital leases during the year		(153,588)	
Change in early retirement obligations		(80,631)	
Change in compensated absences		18,365	
Change in OPEB obligations		278,592	
Change in net pension liability		5,843,161	
Change in current portion		66,396	
		<b>\$ 6,080,975</b>	

State law (RSA 195:6II) limits the amount of *general obligation debt* that the District may incur at any one time to 10% of the locally assessed valuations (of the towns in which the District is located) as equalized by the Commissioner of the New Hampshire Department of Revenue Administration. As of June 30, 2021, the District was below its legal general obligation debt limit of approximately \$99,875,106.

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

Shaker Regional 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. One of the major factors continues to be the impact of yearly changes in revenues under the State's system of funding education on the school district assessment to be assessed to each of the two towns in the District.

These economic factors that may continue, or begin, to impact the Shaker Regional School District include:

- The national, state and local economy
- Reduction in State Aid Programs including
  - Vocational Education Tuition & Transportation
  - Medicaid Reimbursement
  - Special Education Aid
  - Reduction in Stabilization Grant under Adequate Education
- The increased cost toward the New Hampshire Retirement System for the teacher's retirement
- Changes in Block Grant formula funding

Exhibit D-1 compares the actual amounts for the year ended June 30, 2021 with the amounts budgeted for fiscal year 2021-2022.

### Exhibit D-1 STATE TAX AND ADEQUACY GRANTS

	<u>2021 Actual</u>	<u>2022 Budget</u>	<u>% Change</u>
Town of Belmont	\$ 6,827,963	\$ 5,767,487	-15.53%
Town of Canterbury	1,374,863	846,490	-38.43%
	<u>\$ 8,202,826</u>	<u>\$ 6,613,977</u>	<u>-19.37%</u>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**Shaker Regional School District  
For the Year Ended June 30, 2021**

Another factor was the assessed valuations in each of the towns. Exhibit D-2 shows the assessed values for each of the towns in the District used by the State to set the local school district property tax rate for the fiscal years 2020-2021 and 2021-2022.

## **Exhibit D-2 ASSESSED VALUES**

	<b>2021 Actual</b>	<b>2022 Budget</b>	<b>% Change</b>
Town of Belmont	\$ 734,546,920	\$ 740,987,718	0.88%
Town of Canterbury	263,889,938	361,872,617	37.13%
	\$ 998,436,858	\$ 1,102,860,335	10.46%

As a result of the above factor, the school district assessment is allocated to each of the towns in the District under a formula calculation which is based on the relative percent to the total of the two components: (1) 50% by the equalized valuation percentage; and (2) 50% by the average daily membership (ADM-R) less home study percentage. Exhibit D-3 shows the average daily membership for each of the towns in the District used by the State to set the local school district property tax rate for the fiscal years 2020-2021 and 2021-2022.

## **Exhibit D-3 AVERAGE DAILY MEMBERSHIP**

	<b>2021 Actual</b>	<b>2022 Budget</b>	<b>% Change</b>
Town of Belmont	1,028	1,028	-0.01%
Town of Canterbury	226	226	0.00%
	1,254	1,254	-0.01%

## **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. Questions regarding this report should be directed to Ms. Debbie Thompson, Business Administrator, at (603-267-9223) or by mail at:

Shaker Regional School District  
ATTN: Debbie Thompson  
58 School Street  
Belmont, NH 03220



## **BASIC FINANCIAL STATEMENTS**

# SHAKER REGIONAL SCHOOL DISTRICT

## Statement of Net Position June 30, 2021

	Primary Government Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,187,023
Receivables, net	795,547
Due from other governments	746,508
Inventories	23,358
Prepaid	85,981
Capital assets:	
Land and improvements, nondepreciable	353,257
Other capital assets, net of accumulated depreciation	<u>11,139,324</u>
Total assets	<u>15,330,998</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	6,538,777
Deferred outflows of resources related to other post employment benefits	<u>702,174</u>
Total deferred outflows of resources	<u>7,240,951</u>
<b>LIABILITIES</b>	
Accounts payable	47,541
Accrued expenses	45,374
Current portion of long-term liabilities	402,292
Noncurrent Obligations:	
Severance obligations	1,065,253
Capital lease obligations	1,258,965
Post employment benefit obligation	4,914,015
Net pension liability	<u>23,078,922</u>
Total liabilities	<u>30,812,362</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenue	241,563
Deferred inflows of resources related to pensions	468,684
Deferred inflows of resources related to other post employment benefits	<u>438,372</u>
Total deferred inflows of resources	<u>1,148,619</u>
<b>NET POSITION</b>	
Net investment in capital assets	10,070,125
Restricted for:	
Specific purposes	190,103
Unrestricted	<u>(19,649,260)</u>
Total net position	<u>\$ (9,389,032)</u>

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

# SHAKER REGIONAL SCHOOL DISTRICT

## Statement of Activities Year Ended June 30, 2021

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government
				Governmental Activities
Governmental activities:				
Instruction				
Regular instruction	\$ 8,956,516	\$ -	\$ 847,148	\$ (8,109,368)
Special education instruction	3,389,808	17,576	1,063,352	(2,308,880)
Vocational instruction	195,385	-	-	(195,385)
Other instruction	2,302,962	-	-	(2,302,962)
Support services				
Student support services	2,476,381	51,773	-	(2,424,608)
Instructional staff services	1,019,454	-	-	(1,019,454)
General administration	146,413	-	-	(146,413)
Executive administration	259,149	-	-	(259,149)
School administrative services	1,286,590	-	-	(1,286,590)
Business services	359,250	-	-	(359,250)
Operation and maintenance	1,458,842	-	-	(1,458,842)
Student transportation	817,892	-	-	(817,892)
Food service program	529,955	12,918	349,869	(167,168)
Capital outlay	70,175	-	-	(70,175)
Other uses / expenses	2,170,048	-	-	(2,170,048)
Depreciation (unallocated)	792,209	-	-	(792,209)
Total governmental activities	<u>26,231,029</u>	<u>82,267</u>	<u>2,260,369</u>	<u>(23,888,393)</u>
General revenues:				
School district assessment				\$ 13,840,006
Grants and contributions not restricted to specific purposes:				
Local sources				467,767
State of New Hampshire sources				8,210,453
Investment Income				<u>3,105</u>
Total general revenues				<u>22,521,331</u>
Change in net position				(1,367,062)
Net position - beginning				<u>(8,021,970)</u>
Net position - ending				<u>\$ (9,389,032)</u>

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

# SHAKER REGIONAL SCHOOL DISTRICT

**Balance Sheet  
Governmental Funds  
June 30, 2021**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,020,149	\$ -	\$ 166,874	\$ 2,187,023
Held by trustees	770,212	-	-	770,212
Receivables, net	19,756	3,393	2,186	25,335
Due from other governments	28,852	679,434	38,222	746,508
Due from other funds	482,136	-	-	482,136
Inventories	-	-	23,358	23,358
Prepays	85,981	-	-	85,981
Total assets	<u>\$ 3,407,086</u>	<u>\$ 682,827</u>	<u>\$ 230,640</u>	<u>\$ 4,320,553</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 47,541	\$ -	\$ -	\$ 47,541
Accrued expenses	35,369	9,855	150	45,374
Due to other funds	-	459,036	23,100	482,136
Total liabilities	<u>82,910</u>	<u>468,891</u>	<u>23,250</u>	<u>575,051</u>
Deferred Inflows of Resources:				
Deferred revenues	<u>10,340</u>	<u>213,936</u>	<u>17,287</u>	<u>241,563</u>
Total deferred inflows of resources	<u>10,340</u>	<u>213,936</u>	<u>17,287</u>	<u>241,563</u>
Fund balances:				
Nonspendable	85,981	-	23,358	109,339
Restricted	-	-	-	-
Committed	910,212	-	-	910,212
Assigned	285,471	-	166,745	452,216
Unassigned	<u>2,032,172</u>	<u>-</u>	<u>-</u>	<u>2,032,172</u>
Total fund balance	<u>3,313,836</u>	<u>-</u>	<u>190,103</u>	<u>3,503,939</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,407,086</u>	<u>\$ 682,827</u>	<u>\$ 230,640</u>	<u>\$ 4,320,553</u>

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

# SHAKER REGIONAL 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** \$ 3,503,939

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	\$ 22,668,699	
Less accumulated depreciation	<u>(11,176,118)</u>	11,492,581

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

Capital lease obligations	(1,422,456)	
Compensated absences	(52,057)	
Severance obligations	(1,251,997)	
OPEB obligation	(4,914,015)	
Net pension liability	<u>(23,078,922)</u>	(30,719,447)

Deferred inflows and outflows of resources are not current financial sources and uses and therefore are not reported in the governmental funds.

Deferred inflows of resources	(907,056)	
Deferred outflows of resources	<u>7,240,951</u>	<u>6,333,895</u>

**Total Net Position - Governmental Activities** \$ (9,389,032)

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

# SHAKER REGIONAL SCHOOL DISTRICT

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

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
School district assessment	\$ 13,840,006	\$ -	\$ -	\$ 13,840,006
Local sources	249,755	234,911	65,368	550,034
State of New Hampshire sources	8,370,878	844,344	8,705	9,223,927
Federal sources	99,080	783,429	364,386	1,246,895
Investment income	3,105	-	-	3,105
Total revenues	<u>22,562,824</u>	<u>1,862,684</u>	<u>438,459</u>	<u>24,863,967</u>
<b>Expenditures</b>				
Current:				
Instruction	13,284,288	1,862,684	-	15,146,972
Support services	3,611,620	-	77,404	3,689,024
General administration	146,413	-	-	146,413
Executive administration	4,379,645	-	-	4,379,645
Food service program	-	-	529,955	529,955
Capital outlay	215,071	-	-	215,071
Total expenditures	<u>21,637,037</u>	<u>1,862,684</u>	<u>607,359</u>	<u>24,107,080</u>
Excess of revenues over / (under) expenditures	925,787	-	(168,900)	756,887
<b>Other Financing Sources (Uses)</b>				
Capital lease financing	108,680	-	-	108,680
Transfers in	-	-	134,606	134,606
Transfers out	<u>(134,606)</u>	<u>-</u>	<u>-</u>	<u>(134,606)</u>
Net change in fund balance	899,861	-	(34,294)	865,567
Fund balance, beginning	<u>2,413,975</u>	<u>-</u>	<u>224,397</u>	<u>2,638,372</u>
Fund balance, ending	<u>\$ 3,313,836</u>	<u>\$ -</u>	<u>\$ 190,103</u>	<u>\$ 3,503,939</u>

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

# SHAKER REGIONAL 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** \$ 865,567

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	\$ 684,720	
Depreciation expense	<u>(792,209)</u>	(107,489)

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. (108,680)

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>153,588</u>	153,588
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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.

Compensated absences (increase) decrease	(18,365)	
Severance obligation (increase) decrease	80,631	
OPEB obligation (increase) decrease	(278,592)	
Net pension liability	<u>(5,843,161)</u>	(6,059,487)

Changes in deferred inflows and outflows that are not current financial sources or uses and are not recorded as revenues or expenditures in the governmental funds.

Deferred inflows (increase) decrease	621,100	
Deferred outflows increase (decrease)	<u>3,268,339</u>	<u>3,889,439</u>

**Change in Net Position of Governmental Activities** \$ (1,367,062)

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

# SHAKER REGIONAL SCHOOL DISTRICT

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**Statement of Net Position  
Fiduciary Funds  
June 30, 2021**

	<u><b>Total Custodial Funds</b></u>
<b>Assets</b>	
Cash and cash equivalents	\$ 23,044
Total assets	<u>23,044</u>
<b>Liabilities</b>	
Total liabilities	<u>-</u>
<b>Net Position</b>	
Restricted for:	
Individuals and organizations	<u>23,044</u>
Total net position	<u>\$ 23,044</u>

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



# SHAKER REGIONAL SCHOOL DISTRICT

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## Statement of Changes in Net Position Fiduciary Funds Year Ended June 30, 2021

	<b>Total Custodial Funds</b>
<b>Additions:</b>	
Local sources	\$ 9,266
Total additions	<u>9,266</u>
<b>Deductions:</b>	
Support services	<u>11,290</u>
Total deductions	<u>11,290</u>
Change in net position	(2,024)
Net position, beginning (as restated)	<u>25,068</u>
Net position, ending	<u>\$ 23,044</u>

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 Shaker Regional 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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict or contradict GASB pronouncements. 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. Based upon the application of these criteria, these financial statements include no component units.

### 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 funds). Government-wide 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. 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, if applicable, and fiduciary.

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

The following fund types are used by the District:

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

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

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District reported a Grants Fund, Food Service Fund, and Student Activities Fund as special revenue funds.

2. **Fiduciary Funds** – The reporting focus of fiduciary funds is on net position and, for private purpose trust funds, changes in net position. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements. The following is a description of the fiduciary funds of the District:

**Custodial Funds** are used to report assets held in a custodial capacity for individuals or organizations outside of the reporting entity. The District reported a Student Class Accounts fund as a custodial fund.

## 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 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 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 be at market or near market rates, are treated as revenues and expenditures / expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

# SHAKER REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2021

## Inventories

Inventories are carried at cost using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. The Food Service Fund reported inventories at year end.

## 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. The capitalization threshold represents the amount that capital assets acquired must be capitalized. The District, however, may capitalize individual or aggregate assets under the threshold. 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
Land improvements	\$ 1,500	20
Buildings and improvements	\$ 1,500	20-50
Furniture and equipment	\$ 1,500	5-20

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.

## Compensated Absences

The District accrued accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

## Long-term Obligations

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

The District implemented Governmental Accounting Standards Board Statement No. 75 – *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, which requires governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefits.

## 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 and Fund Balance Policy

The district implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement established new fund balance classifications and reporting requirements as follows:

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

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

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

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

**Unassigned** – Is the residual classification for the general fund. The general fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result of 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.

## Change in Accounting Principle

During the year, the District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*. This results in a change in the measurement and presentation of the former student activities agency fund. Class Accounts are now reported as a custodial fund, and additions and deductions are now reported on the Statement of Changes in Fiduciary Net Position. The remaining activity accounts are now reported as a Student Activities special revenue fund. The related prior year's equities were restated to reflect this change.



## 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 its locally assessed valuation (for all municipalities in the District) 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. The District is a member in 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 *Primex* board retains the statutory coverage for workers' compensation and property/liability. The District shares in contributing to the cost of, and receiving the benefits from, this pooled risk management program under a member participation agreement which permits *Primex* to make additional assessments to members, should there be a deficiency in contributions for any year, not to exceed the member's annual contribution. At the current time, *Primex* foresees no likelihood of an assessment for any prior year in which the District was a member.

### Claims, Judgments and Contingent Liabilities

#### Grant Programs

The District participates in numerous 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. At 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 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.

# SHAKER REGIONAL 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	\$ 2,187,023
Fiduciary funds:	
Cash and investments	23,044
	<u>\$ 2,210,067</u>

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

Cash on hand	\$ -
Deposits with financial institutions	2,210,067
Investments	-
	<u>\$ 2,210,067</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.

### 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 formal policy for custodial credit risk on deposits. As of June 30, 2021, the District's bank balance of \$3,198,390 was covered by deposit insurance and collateral and none was exposed to custodial credit risk because it was uninsured and the collateral for the amounts was under an agreement to repurchase which was not insured or guaranteed by the bank.

# SHAKER REGIONAL 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, consisted of the following:

	<u>Due From</u>	<u>Due To</u>
Major Funds:		
General fund	\$ 482,136	\$ -
Grants fund	-	459,036
Nonmajor Funds:		
Food service fund	-	23,100
	<u>\$ 482,136</u>	<u>\$ 482,136</u>

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

### Transfers

Individual interfund transfers for the year ended June 30, 2021, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General fund	\$ -	\$ 134,606
Nonmajor Funds:		
Food service fund	134,606	-
	<u>\$ 134,606</u>	<u>\$ 134,606</u>

The District reported an operating transfer to the food service fund to subsidize operations.

# SHAKER REGIONAL 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:

	<b>General Fund</b>	<b>Grants Fund</b>	<b>Food Service Fund</b>	<b>Total Governmental Funds</b>
Local Governments				
Town of Belmont - Trustees	\$ 770,212	\$ -	\$ -	\$ 770,212
Other	9,026	-	-	9,026
Federal / State Government				
Pass-through grants and other	<u>19,826</u>	<u>679,434</u>	<u>38,222</u>	<u>737,482</u>
	<u>\$ 799,064</u>	<u>\$ 679,434</u>	<u>\$ 38,222</u>	<u>\$ 1,516,720</u>

Intergovernmental receivables result primarily from assessments to the Town, and federal grant and food service reimbursements (passed-through the State of New Hampshire). The amount from the Town of Belmont-Trustees, reflects capital reserves and expendable trust funds required by state statute to be held by the town trustees of trust funds.

### Intergovernmental Payables

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

# SHAKER REGIONAL 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	\$ 353,257	\$ -	\$ -	\$ 353,257
Construction in progress	-	-	-	-
	<u>353,257</u>	<u>-</u>	<u>-</u>	<u>353,257</u>
<b>Capital assets being depreciated:</b>				
Land improvements	806,902	-	-	806,902
Buildings	16,156,410	91,905	-	16,248,315
Vehicles	147,458	-	-	147,458
Furniture and equipment	4,529,070	592,815	9,118	5,112,767
	<u>21,639,840</u>	<u>684,720</u>	<u>9,118</u>	<u>22,315,442</u>
Less accumulated depreciation:				
Land improvements	94,633	49,574	-	144,207
Buildings	6,804,723	378,304	-	7,183,027
Vehicles	78,153	15,307	-	93,460
Furniture and equipment	3,415,518	349,024	9,118	3,755,424
Accumulated depreciation	<u>10,393,027</u>	<u>792,209</u>	<u>9,118</u>	<u>11,176,118</u>
Capital assets being depreciated, net	<u>11,246,813</u>	<u>(107,489)</u>	<u>-</u>	<u>11,139,324</u>
<b>Governmental activities capital assets, Net of accumulated depreciation</b>	<u>\$ 11,600,070</u>	<u>\$ (107,489)</u>	<u>\$ -</u>	<u>\$ 11,492,581</u>

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

\$ 792,209

# SHAKER REGIONAL 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. Other long-term obligations include compensated absences and early retirement obligations.

A summary of long-term liabilities outstanding as of June 30, 2021, is as follows:

	<b>Capital Leases</b>	<b>Compensated Absences</b>	<b>Early Termination Benefits</b>	<b>OPEB Obligations</b>	<b>Net Pension Liability</b>	<b>Total</b>
Beginning balance	\$ 1,467,364	\$ 33,692	\$ 1,332,628	\$ 4,635,423	\$ 17,235,761	\$ 24,704,868
Additions	108,680	18,365	-	359,744	5,843,161	6,329,950
Reductions	(153,588)	-	(80,631)	(81,152)	-	(315,371)
Ending balance	<u>1,422,456</u>	<u>52,057</u>	<u>1,251,997</u>	<u>4,914,015</u>	<u>23,078,922</u>	<u>30,719,447</u>
Current portion	163,491	-	238,801	-	-	402,292
Noncurrent portion	<u>1,258,965</u>	<u>52,057</u>	<u>1,013,196</u>	<u>4,914,015</u>	<u>23,078,922</u>	<u>30,317,155</u>
	<u>\$ 1,422,456</u>	<u>\$ 52,057</u>	<u>\$ 1,251,997</u>	<u>\$ 4,914,015</u>	<u>\$ 23,078,922</u>	<u>\$ 30,719,447</u>

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

	<b>Issue Year</b>	<b>Maturity Date</b>	<b>Original Amount of Issue</b>	<b>Amount Outstanding 6/30/21</b>
<u>Capital Lease Obligations</u>				
Energy Improvements	2016	2031	\$ 2,400,000	\$ 1,340,118
Software lease	2019	2022	36,417	10,509
Technology equipment	2021	2023	85,140	55,834
Technology equipment	2021	2023	23,540	15,995
				<u>1,422,456</u>
<u>Other Long-Term Obligations</u>				
Compensated absences				52,057
Early termination benefits				1,251,997
OPEB obligations - Health Implicit Rate Subsidy				3,333,764
OPEB obligations - NHRS Medical Subsidy				1,580,251
Net pension liability				<u>23,078,922</u>
				<u>29,296,991</u>
				<u>\$ 30,719,447</u>

# SHAKER REGIONAL SCHOOL DISTRICT

## Notes to Basic Financial Statements June 30, 2021

Minimum annual lease payments under capital lease obligations are as follows:

<u>For the Year Ended June 30,</u>	
2022	\$ 204,322
2023	193,815
2024	155,902
2025	155,903
2026	155,903
2027 to 2031	<u>779,511</u>
Total minimum lease payments	1,645,356
Less amount representing imputed interest	<u>222,900</u>
Present value of minimum lease payments	<u>\$ 1,422,456</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 \$1,812,331, \$1,769,484, and \$1,711,642, 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 or special termination benefits.



## 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.

# SHAKER REGIONAL 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>	

# SHAKER REGIONAL 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>	<u>1% Decrease</u>	<u>Current single rate assumption</u>	<u>1% Increase</u>
	<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
June 30, 2021	\$ 29,877,811	\$ 23,078,922	\$ 17,523,329

# SHAKER REGIONAL 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 \$23,078,922 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 0.36082516 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$3,646,129. As of June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total exclusive of Employer Contribution</u>
Differences between expected and actual experience	\$ 623,243	\$ 247,802	\$ 375,441
Net differences between projected and actual earnings on pension plan investments	1,427,456	-	1,427,456
Changes of assumptions	2,282,963	-	2,282,963
Changes in proportion and differences between Employer contributions and proportionate share of contributions	564,509	220,882	343,627
Employer contributions subsequent to the measurement date	1,640,606	-	NA
Total	<u>\$ 6,538,777</u>	<u>\$ 468,684</u>	<u>\$ 4,429,487</u>

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>	Deferred <u>Outflows/(Inflows)</u>
2022	\$ 855,045
2023	1,162,593
2024	1,252,633
2025	1,159,216
Total	<u>\$ 4,429,487</u>

## NOTE 11 – ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

### A. DISTRICT OPEB PLAN

#### 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. This report values the Implicit Rate Subsidy only.

#### 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 state-wide health insurance consortium. Retirees are required to continue to pay 100% of the cost of the premium for coverage elected. This valuation does not account for the cost of benefits to retirees or their spouses after age 65.

# SHAKER REGIONAL 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	6
Inactive employees entitled to but not yet receiving benefit payments	0
Active Employees	<u>206</u>
Total Participants covered by OPEB Plan	<u>212</u>

## Total OPEB Liability

The school district's total OPEB liability of \$3,333,764 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	8.55%
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 Rate 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 *RP-2000 Projected 10 Years using Projection Scale AA to SOA RP-2014 Total Dataset Mortality with Scale MP-2019 (Base Year 2006)*.
- Morbidity factors were adjusted to reflect rates that better reflect expected underlying costs.

# SHAKER REGIONAL 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	\$ 3,169,622
Changes for the year:	
Service Cost	176,142
Plan Change	-
Interest	69,152
Assumption Changes	-
Difference Between Actual and Expected Experience	-
Benefit payments	<u>(81,152)</u>
OPEB Liability End of Year	<u>\$ 3,333,764</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	\$ 3,535,164	\$ 3,333,764	\$ 3,129,461

## 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 8.55%, 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	\$ 2,967,350	\$ 3,333,764	\$ 3,749,437

# SHAKER REGIONAL 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 \$228,718. 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	\$ 667,537	\$ 618,092	\$ 49,445
Experience Changes	-	-	-
Assumption Changes	-	-	\$ -
Amortization	<u>(167,723)</u>	<u>(184,299)</u>	<u>16,576</u>
Balance as of June 30, 2021	<u>\$ 499,814</u>	<u>\$ 433,793</u>	<u>\$ 66,021</u>

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

<u>For the Year Ending June 30,</u>	Deferred Outflows	Deferred Inflows	Net
2022	\$ 167,723	\$ 184,299	\$ (16,576)
2023	167,723	184,299	(16,576)
2024	<u>164,368</u>	<u>65,195</u>	<u>99,173</u>
Total	<u>\$ 499,814</u>	<u>\$ 433,793</u>	<u>\$ 66,021</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.

# SHAKER REGIONAL 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><u>100.00%</u></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 \$1,580,251.

# SHAKER REGIONAL 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%
	<u>Decrease</u>	<u>Baseline Rate</u>	<u>Increase</u>
Total OPEB Liability	\$ 1,715,988	\$ 1,580,251	\$ 1,462,405

## 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 \$251,982. 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total exclusive of Employer Contribution</u>
Differences between expected and actual experience	\$ -	\$ 4,579	\$ (4,579)
Net differences between projected and actual earnings on OPEB plan investments	5,913	-	5,913
Changes of assumptions	10,161	-	10,161
Changes in proportion and differences between Employer contributions and proportionate share of contributions	14,561	-	14,561
Employer contributions subsequent to the measurement date	171,725	-	NA
Total	<u>\$ 202,360</u>	<u>\$ 4,579</u>	<u>\$ 26,056</u>

# SHAKER REGIONAL 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	\$ 13,668
2023	3,968
2024	4,730
2025	3,690
Total	<u>\$ 26,056</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><u>OPEB Liability</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>	<b><u>Total OPEB Expense</u></b>
District OPEB Plan	\$ 3,333,764	\$ 499,814	\$ 433,793	\$ 28,718
NHRS Medical Subsidy OPEB Plan	1,580,251	202,360	4,579	251,982
Total	<u>\$ 4,914,015</u>	<u>\$ 702,174</u>	<u>\$ 438,372</u>	<u>\$ 280,700</u>

# SHAKER REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2021

## NOTE 12 - FUND BALANCE COMPONENTS

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

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Student Activities Fund</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Inventories	\$ -	\$ 23,358	\$ -	\$ 23,358
Prepaid expenditures	85,981	-	-	85,981
Restricted:	-	-	-	-
Committed:				
Capital reserves	770,212	-	-	770,212
District vote	140,000	-	-	140,000
Assigned:				
Residual fund balance	-	-	166,745	166,745
Encumbrances	285,471	-	-	285,471
Unassigned:	<u>2,032,172</u>	<u>-</u>	<u>-</u>	<u>2,032,172</u>
	<u>\$ 3,313,836</u>	<u>\$ 23,358</u>	<u>\$ 166,745</u>	<u>\$ 3,503,939</u>

## NOTE 13 - RESTATEMENT OF EQUITY

Beginning net position was restated as follows:

	<u>Custodial Funds</u>
Implementation of GASB Statement No. 84	\$ 25,068
Net position, as previously reported	<u>-</u>
Net position, as restated	<u>\$ 25,068</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

# SHAKER REGIONAL SCHOOL DISTRICT

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

	Original Budget	Final Budget	Actual	Variance
<b>Budgetary Fund Balance - Beginning</b>	\$ 1,208,424	\$ 1,281,432	\$ 1,878,693	\$ 597,261
Resources (inflows):				
School district assessment				
Local school tax	13,840,006	13,840,006	13,840,006	-
Local sources				
Tuition	-	-	17,576	17,576
Earnings on investments	-	-	2,830	2,830
Other	5,000	5,000	232,179	227,179
State of New Hampshire sources				
Catastrophic aid	86,932	86,932	157,621	70,689
Vocational aid	3,584	3,584	7,627	4,043
Adequacy grant	6,179,073	6,179,073	6,179,073	-
State education tax	2,023,753	2,023,753	2,023,753	-
Other	-	-	2,804	2,804
Federal sources				
Medicaid distribution	25,000	25,000	99,080	74,080
Transfers in				
Received from capital reserves	-	-	5,345	5,345
Amounts available for appropriation	<u>23,371,772</u>	<u>23,444,780</u>	<u>24,446,587</u>	<u>1,001,807</u>
Charges to appropriations (outflows):				
Instruction				
Regular instruction	9,709,483	9,709,483	9,221,358	488,125
Special education instruction	3,811,881	3,811,881	3,424,299	387,582
Vocational instruction	229,877	229,877	195,385	34,492
Other instruction	500,165	531,482	443,246	88,236
Community / After school program	3,782	3,782	-	3,782
Support services				
Student support services	2,673,847	2,673,847	2,483,581	190,266
Instructional staff services	1,184,904	1,184,904	1,128,039	56,865
General administration				
School board	134,119	134,119	146,413	(12,294)
Executive administration				
All other administration	269,954	269,954	259,149	10,805
School administrative services	1,309,304	1,309,304	1,286,590	22,714
Business services	366,260	366,260	359,250	7,010
Operation and maintenance	1,755,749	1,756,231	1,656,764	99,467
Student transportation	1,114,532	1,114,532	817,892	296,640
Support services	32,915	32,915	-	32,915
Capital outlay				
Buildings	-	41,209	106,391	(65,182)
Transfers out				
Special revenue funds	35,000	35,000	134,606	(99,606)
Transfer to capital reserve	240,000	240,000	240,000	-
Total charges to appropriations	<u>23,371,772</u>	<u>23,444,780</u>	<u>21,902,963</u>	<u>1,541,817</u>
<b>Budgetary Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,543,624</u>	<u>\$ 2,543,624</u>

See the accompanying notes to the required supplementary information.

## SHAKER REGIONAL SCHOOL DISTRICT

### Schedule of Changes in Total District 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	\$ 2,262,895	\$ 2,387,141	\$ 2,450,410	\$ 3,169,622
Changes for the Year:				
Service Cost	109,389	111,807	172,333	176,142
Plan Change	-	-	-	-
Interest	79,922	84,215	65,666	69,152
Assumption Changes	(65,065)	(63,203)	835,260	-
Difference Between Actual and Expected Experience	-	-	(274,650)	-
Benefit payments	-	(69,550)	(79,397)	(81,152)
Total OPEB Liability End of Year	<u>\$ 2,387,141</u>	<u>\$ 2,450,410</u>	<u>\$ 3,169,622</u>	<u>\$ 3,333,764</u>
District's covered-employee payroll	\$ 8,768,727	\$ 8,944,102	\$ 9,631,846	\$ 9,824,483
Total OPEB Liability as a percentage of covered payroll	27.22%	27.40%	32.91%	33.93%

See the accompanying notes to the required supplementary information.



# SHAKER REGIONAL SCHOOL DISTRICT

## Schedules of Proportionate Share and Contributions of the NHRS Net OPEB Liability Year Ended June 30, 2021

### Schedule of Proportionate Share

#### New Hampshire Retirement System Medical Subsidy OPEB

Fiscal Year	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Net OPEB as a	Plan Fiduciary
				Percentage of Covered Payroll (AAL)	Net Position as a Percentage of the Net OPEB Liability
June 30, 2021	0.36102777%	\$ 1,580,251	\$ 10,486,124	15%	7.74%
June 30, 2020	0.33434387%	\$ 1,465,801	\$ 10,344,117	14%	7.75%
June 30, 2019	0.33392281%	\$ 1,528,851	\$ 10,230,043	15%	7.53%
June 30, 2018	0.41870197%	\$ 1,914,448	\$ 9,889,949	19%	7.91%

### Schedule of Contributions

#### New Hampshire Retirement System Medical Subsidy OPEB

Fiscal Year	Contractually Required Contribution	Contributions Relative to		Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
		Contractually Required Contribution	Contractually Required Contribution			
June 30, 2021	\$ 167,550	\$ 167,579	\$ 29	\$ 10,486,124	1.60%	
June 30, 2020	\$ 152,587	\$ 152,581	\$ (6)	\$ 10,344,117	1.48%	
June 30, 2019	\$ 147,820	\$ 147,704	\$ (116)	\$ 10,230,043	1.44%	
June 30, 2018	\$ 248,165	\$ 248,165	\$ -	\$ 9,889,949	2.51%	

See the accompanying notes to the required supplementary information.

# SHAKER REGIONAL 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	Covered Payroll	Net Pension as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2021	0.36082516%	\$ 23,078,922	\$ 10,486,124	220.09%	58.72%
June 30, 2020	0.35820861%	\$ 17,235,761	\$ 10,344,117	166.62%	65.59%
June 30, 2019	0.36222906%	\$ 17,442,062	\$ 10,230,043	170.50%	64.73%
June 30, 2018	0.33501113%	\$ 16,475,823	\$ 9,889,949	166.59%	62.66%
June 30, 2017	0.34805246%	\$ 18,508,021	\$ 10,050,220	184.16%	58.30%
June 30, 2016	0.33616600%	\$ 13,317,307	\$ 9,606,369	138.63%	65.47%
June 30, 2015	0.34279038%	\$ 12,866,931	\$ 9,465,307	135.94%	66.32%
June 30, 2014	0.34383923%	\$ 14,798,099	\$ 9,521,976	155.41%	59.81%

### Schedule of Pension Contributions

#### New Hampshire Retirement System Pension Contributions

Fiscal Year	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2021	\$ 1,601,934	\$ 1,602,937	\$ 1,003	\$ 10,486,124	15.28%
June 30, 2020	\$ 1,559,055	\$ 1,558,858	\$ (197)	\$ 10,344,117	15.07%
June 30, 2019	\$ 1,531,324	\$ 1,530,989	\$ (335)	\$ 10,230,043	14.97%
June 30, 2018	\$ 1,227,291	\$ 1,227,291	\$ -	\$ 9,889,949	12.41%
June 30, 2017	\$ 1,246,279	\$ 1,246,303	\$ 24	\$ 10,050,220	12.40%
June 30, 2016	\$ 1,126,760	\$ 1,127,797	\$ 1,037	\$ 9,606,369	11.73%
June 30, 2015	\$ 1,112,116	\$ 1,112,091	\$ (25)	\$ 9,465,307	11.75%
June 30, 2014	\$ 853,362	\$ 854,969	\$ 1,607	\$ 9,521,976	8.96%

See the accompanying notes to the required supplementary information.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

# SHAKER REGIONAL SCHOOL DISTRICT

Notes to Required Supplementary Information  
June 30, 2021

## 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. The original budget for the general fund in the amount of \$23,371,772 consists of the total appropriation voted of \$25,006,772 less amounts representing offsets for other funds; \$575,000 for the Food Service Fund, and \$1,060,000 for the federal and state projects fund.

### B. Budgetary Changes, Transfers, Encumbrances and Continuing Appropriations

#### Budgetary Changes

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

#### Transfers

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

#### Encumbrances and Continuing Appropriations

All annual appropriations lapse at year-end unless encumbered. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbrances are not expenditures and are reported as an assignment of fund 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 an assignment 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. The final budget is \$73,008 more than the original budget due to encumbrances carried forward from the prior year.

# SHAKER REGIONAL 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	\$ 24,446,587
Differences - Budget to GAAP:	
Budgetary inflows that are not revenues for financial reporting purposes	
Beginning unreserved fund (balance) deficit - used to reduce taxes	(1,878,693)
Capital reserve transfers	(5,345)
Financial reporting revenues that are not inflows for budgetary purposes	
Earnings on capital reserve investments	<u>275</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 22,562,824</u>
<b>Uses / Outflows of Resources:</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 21,902,963
Differences - Budget to GAAP:	
Budgetary outflows that are not expenditures for financial reporting purposes	
Capital reserve transfers	(240,000)
Transfers to other funds	(134,606)
Financial reporting expenditures that are not outflows for budgetary purposes	
Capital leases expenditures	<u>108,680</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 21,637,037</u>

# SHAKER REGIONAL 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**

# SHAKER REGIONAL SCHOOL DISTRICT

## Combining Balance Sheet - Nonmajor Governmental Funds June 30, 2021

	<u>Special Revenue Funds</u>		<b>Total Nonmajor Governmental Funds</b>
	<b>Food Service Fund</b>	<b>Student Activities</b>	
<b>Assets</b>			
Cash and cash equivalents	\$ 129	\$ 166,745	\$ 166,874
Receivables, net	2,186	-	2,186
Due from other governments	38,222	-	38,222
Inventories	23,358	-	23,358
Total assets	<u>\$ 63,895</u>	<u>\$ 166,745</u>	<u>\$ 230,640</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>			
Liabilities:			
Accrued expenses	\$ 150	\$ -	\$ 150
Due to other funds	23,100	-	23,100
Total liabilities	<u>23,250</u>	<u>-</u>	<u>23,250</u>
Deferred inflows:			
Deferred revenue	17,287	-	17,287
Total deferred inflows	<u>17,287</u>	<u>-</u>	<u>17,287</u>
Fund balances:			
Nonspendable	23,358	-	23,358
Restricted	-	-	-
Committed	-	-	-
Assigned	-	166,745	166,745
Unassigned	-	-	-
Total fund balances	<u>23,358</u>	<u>166,745</u>	<u>190,103</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 63,895</u>	<u>\$ 166,745</u>	<u>\$ 230,640</u>



# SHAKER REGIONAL SCHOOL DISTRICT

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

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Food Service Fund</u>	<u>Student Activities</u>	
<b>Revenues</b>			
Local sources	\$ 13,595	\$ 51,773	\$ 65,368
State of New Hampshire sources	8,705	-	8,705
Federal sources	364,386	-	364,386
Transfers in	134,606	-	134,606
Total revenues and other financing sources	<u>521,292</u>	<u>51,773</u>	<u>573,065</u>
<b>Expenditures</b>			
Support services	-	77,404	77,404
Food service program	<u>529,955</u>	<u>-</u>	<u>529,955</u>
Total expenditures and other financing uses	<u>529,955</u>	<u>77,404</u>	<u>607,359</u>
Excess revenue and other financing sources over (under) expenditures and other financing uses	(8,663)	(25,631)	(34,294)
Fund balance, beginning	<u>32,021</u>	<u>192,376</u>	<u>224,397</u>
Fund balance, ending	<u>\$ 23,358</u>	<u>\$ 166,745</u>	<u>\$ 190,103</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

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### **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  
Shaker Regional School District  
Belmont, 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 Shaker Regional School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Shaker Regional School District's basic financial statements, and have issued our report thereon dated October 7, 2021.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Shaker Regional 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 Shaker Regional School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Shaker Regional School District's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Shaker Regional School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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  
October 7, 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  
Shaker Regional School District  
Belmont, New Hampshire

#### **Report on Compliance for Each Major Federal Program**

We have audited Shaker Regional 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 Shaker Regional School District's major federal programs for the year ended June 30, 2021. Shaker Regional School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **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 Shaker Regional 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 Shaker Regional 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 Shaker Regional School District's compliance.

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

In our opinion, Shaker Regional School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of Shaker Regional 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 Shaker Regional 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 Shaker Regional 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  
October 7, 2021

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**SHAKER REGIONAL SCHOOL DISTRICT**

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

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal CFDA #	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		\$ 23,222	\$ -
<b>CHILD NUTRITION CLUSTER</b>				
School Breakfast Program	10.553		70,168	-
National School Lunch Program	10.555		270,996	-
National School Lunch Program - Commodities	10.555		31,347	-
			302,343	-
<b>CHILD NUTRITION CLUSTER TOTAL</b>			372,511	-
<b>U.S. DEPARTMENT OF AGRICULTURE TOTAL</b>			395,733	-
<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	20210801	243,501	-
Title I Grants to Local Educational Agencies	84.010	20200090	31,128	-
			274,629	-
<b>SPECIAL EDUCATION CLUSTER</b>				
Special Education - Grants to States (IDEA, Part B)	84.027	20193483	6,335	-
Special Education - Grants to States (IDEA, Part B)	84.027	20211408	188,214	-
Special Education - Grants to States (IDEA, Part B)	84.027	92633	57,511	-
Special Education - Grants to States (IDEA, Part B)	84.027	202654	14,148	-
			266,208	-
Special Education - Preschool Grants (IDEA Preschool)	84.173	92622	414	-
<b>SPECIAL EDUCATION CLUSTER TOTAL</b>			266,622	-
Rural and Low Income	84.358	20204928	26,055	-
			26,055	-
Supporting Effective Instruction State Grants	84.367	20204853	51,029	-
Supporting Effective Instruction State Grants	84.367	20190407	7,649	-
			58,678	-
Student Support and Academic Enrichment Program	84.424	20190360	4,049	-
Student Support and Academic Enrichment Program	84.424	20200360	11,431	-
			15,480	-
COVID-19 - Education Stabilization Fund	84.425D	20211433	347,801	-
COVID-19 - Education Stabilization Fund	84.425D	20200804	141,965	-
			489,766	-
<b>U.S. DEPARTMENT OF EDUCATION TOTAL</b>			1,131,230	-
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 1,526,963	\$ -

See accompanying notes to schedule of expenditures of federal awards.



**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

# SHAKER REGIONAL 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 Shaker Regional School District under programs of the federal government for the year ended June 30, 2021. The Shaker Regional 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 Shaker Regional School District and is not intended to and does not present the financial position or changes in net position of the Shaker Regional 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) and reissued in 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 Shaker Regional 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 Shaker Regional 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>	\$ 1,526,963
Non-federal grants	731,454
Federal Commodities Food Distribution	<u>(31,347)</u>
	<u>\$ 2,227,070</u>
 <b>Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	
Major Fund	
Grants Fund - Expenditures	\$ 1,862,684
Nonmajor Funds	
Food Service Fund - Federal Revenues	<u>364,386</u>
	<u>\$ 2,227,070</u>

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

# SHAKER REGIONAL 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:

- CFDA # 84.425D – COVID-19 – Education Stabilization Fund

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

Auditee qualified as a low-risk auditee – Yes.

# SHAKER REGIONAL 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.

# SHAKER REGIONAL 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.