

**SHAKER REGIONAL SCHOOL DISTRICT**

Belmont and Canterbury, New Hampshire

FINANCIAL STATEMENTS

With Schedule of Expenditures of Federal Awards

June 30, 2023

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)  
Member – AICPA Government Audit Quality Center (GAQC)  
Member – AICPA Private Company Practice Section (PCPS)  
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### INDEPENDENT AUDITOR'S REPORT

To the School Board  
Shaker Regional School District  
Belmont, New Hampshire

#### Report on the Audit of the Financial Statements

##### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Shaker Regional School District, as of and for the year ended June 30, 2023, 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.

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, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### *Basis for Opinions*

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

#### Responsibilities of Management for the Financial Statements

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

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

## **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Shaker Regional School District's basic financial statements. The accompanying combining, nonmajor fund financial statements; and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023, 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  
November 17, 2023

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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Shaker Regional School District  
For the Year Ended June 30, 2023

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, 2023. Our discussion and analysis is in accordance with the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). Please read it in conjunction with the financial statements which follow this section.

## FINANCIAL HIGHLIGHTS

- The District's total combined net position increased by \$248,054 or 3% between June 30, 2022, and 2023.
- The District's total combined net position amounted to \$(8,450,916) as of June 30, 2023. Net position consisted of \$9,404,240 net investment in capital assets; \$359,366 restricted for specific purposes; and an unrestricted net deficit of (\$18,214,522).
- The District's long-term liabilities, consisting of leases, compensated absences, severance obligations, other postemployment benefit obligations, and net pension liability increased by \$4,275,489 during the year ended June 30, 2023.
- During the year, the District's expenses were \$248,054 less than the \$28,895,047 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, 2023, was \$336,078.
- 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. The balance in the fund as of June 30, 2023, was \$325,965.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Shaker Regional School District  
For the Year Ended June 30, 2023**

- 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 \$992 as of June 30, 2023.
- 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. The balance in the fund as of June 30, 2023, was \$80,823.
- 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 \$27,726 as of June 30, 2023.
- 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. The fund had a balance of \$37,221 as of June 30, 2023.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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Shaker Regional School District  
For the Year Ended June 30, 2023

## 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 the following 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.

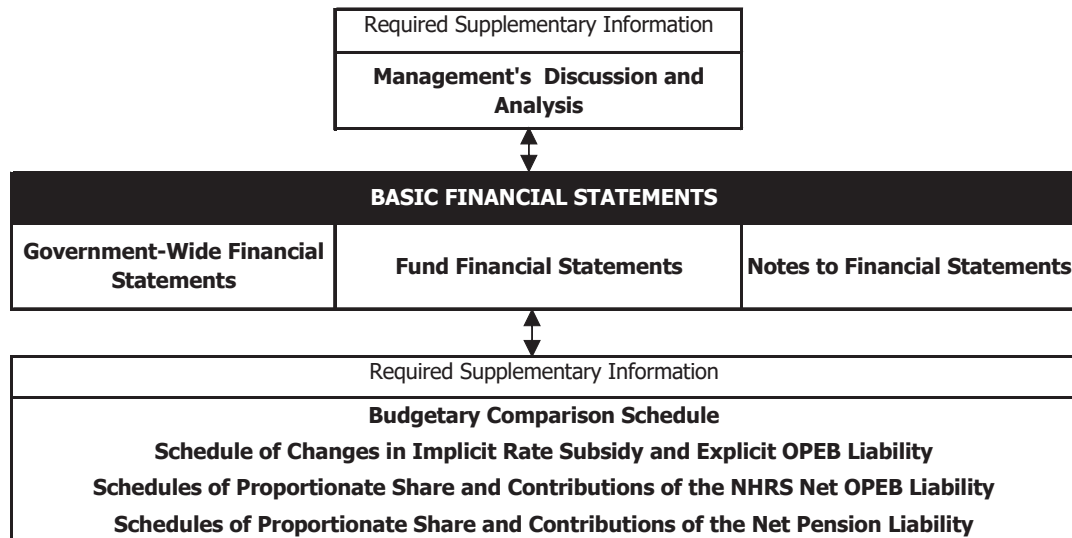
- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations 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, 2023

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, 2023**

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.
<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, 2023

## 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, 2023

## **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 specific 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 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, 2023

## CONDENSED FINANCIAL INFORMATION AND ANALYSIS OF THE DISTRICT AS A WHOLE

### Net Position

Exhibit B-1 shows the composition of the District's total combined net position, which increased between June 30, 2022, and 2023 by \$248,054 or 3% to \$(8,450,916).

### Exhibit B-1 NET POSITION

	Governmental Activities		
	2022	2023	Change
<b>Assets</b>			
Current and other assets	\$ 4,200,720	\$ 4,945,178	\$ 744,458
Noncurrent assets	11,228,990	10,678,356	(550,634)
<b>Total assets</b>	15,429,710	15,623,534	193,824
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	4,882,488	4,616,487	(266,001)
<b>Total deferred outflows of resources</b>	4,882,488	4,616,487	(266,001)
<b>Liabilities</b>			
Current liabilities	856,311	1,413,428	557,117
Noncurrent liabilities	21,652,972	25,727,694	4,074,722
<b>Total liabilities</b>	22,509,283	27,141,122	4,631,839
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	6,501,885	1,549,815	(4,952,070)
<b>Total deferred inflows of resources</b>	6,501,885	1,549,815	(4,952,070)
<b>Net Position</b>			
Net investment in capital assets	9,834,607	9,404,240	(430,367)
Restricted	334,596	359,366	24,770
Unrestricted	(18,868,173)	(18,214,522)	653,651
<b>Total net position</b>	\$ (8,698,970)	\$ (8,450,916)	\$ 248,054

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, 2023**

Unrestricted net position is a negative (\$18,214,522); 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 \$20,137,468 proportionate share of the New Hampshire Retirement System net pension liability under the requirements of GASB 68 and the recording of the \$3,096,787 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, 2023**

## Change in Net Position

The District's total revenues were \$28,895,047 while total expenses were \$28,646,993 and resulted in an increase in net position of \$248,054.

Exhibit B-2 shows that a significant portion, 85.15% and 88.68%, for the fiscal years ended June 30, 2023, and 2022, 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 follow:

- School district assessment, 57.76% and 57.68% for the fiscal years ended June 30, 2023, and 2022, respectively, an increase in the percentage of total revenue of 1.08% and an increase of \$1,341,626 over the prior year.
- State of New Hampshire source intergovernmental revenues, 24.91% and 27.47% for the fiscal years ended June 30, 2023, and 2022, respectively, a decrease in the percentage of total revenues of 2.56% and a decrease of \$112,425 from the prior year.
- Operating grants and contributions, 13.28% and 9.00% for the fiscal years ended June 30, 2023, and 2022, respectively, an increase in the percentage of total revenues of 4.28%, and an increase of \$1,441,938 over the prior year.

### Exhibit B-2 SOURCES OF DISTRICT REVENUES

	Governmental Activities				Change	
	2022		2023			
<b>Program Revenues</b>						
Charges for services	\$ 190,943	0.72%	\$ 452,714	1.57%	\$ 261,771	137.09%
Operating grants and contributions	2,394,637	9.00%	3,836,575	13.28%	1,441,938	60.22%
<b>General Revenues</b>						
School district assessment	15,347,347	57.68%	16,688,973	57.76%	1,341,626	8.74%
Local sources	330,319	1.24%	345,525	1.20%	15,206	4.60%
State of New Hampshire sources	7,309,115	27.47%	7,196,690	24.91%	(112,425)	-1.54%
Miscellaneous sources	1,036,924	3.90%	374,570	1.30%	(662,354)	-64%
	<u>\$ 26,609,285</u>	<u>100.00%</u>	<u>\$ 28,895,047</u>	<u>100.00%</u>	<u>\$ 2,285,762</u>	<u>8.59%</u>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**Shaker Regional School District  
For the Year Ended June 30, 2023**

## Expenses

Exhibit B-3 shows that a significant portion, 91.73% and 92.01% for the fiscal years ended June 30, 2023, and 2022, 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, 58.76% and 58.19% for the fiscal years ended June 30, 2023, and 2022, respectively, an increase in the percentage of total expenses of 0.57% and an increase of \$1,750,227 over the prior year.
- Support services, 32.97% and 33.82% for the fiscal years ended June 30, 2023, and 2022, respectively, a decrease in the percentage of total expenses of 0.85% and an increase of \$678,330 over the prior year.
- Unallocated other uses, 5.73% and 5.27% for the fiscal years ended June 30, 2023, and 2022, respectively, an increase in the percentage of total expenses of 0.46% and an increase of \$275,001 over the prior year.

### Exhibit B-3 DISTRICT EXPENSES

	Governmental Activities				
	2022	%	2023	%	\$ Change
<b>Functions / Programs</b>					
Instruction	\$ 15,081,752	58.19%	\$ 16,831,979	58.76%	\$ 1,750,227
Support services	8,766,113	33.82%	9,444,443	32.97%	678,330
Food service program	705,647	2.72%	729,859	2.55%	24,212
<b>Unallocated</b>					
Capital outlay	494,659	1.91%	782,647	2.73%	287,988
Depreciation	871,052	3.36%	858,065	3.00%	(12,987)
	<u>\$ 25,919,223</u>	<u>100.00%</u>	<u>\$ 28,646,993</u>	<u>100.00%</u>	<u>\$ 2,727,770</u>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**Shaker Regional School District  
For the Year Ended June 30, 2023**

## 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

	2022		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Functions / Programs</b>				
Instruction	\$ 15,081,752	\$ 13,423,779	\$ 16,831,979	\$ 13,374,954
Support services	8,766,113	8,634,622	9,444,443	9,270,127
Food service program	705,647	(90,469)	729,859	71,911
<b>Unallocated</b>				
Capital outlay	494,659	494,659	782,647	782,647
Depreciation	871,052	871,052	858,065	858,065
	<u>\$ 25,919,223</u>	<u>\$ 23,333,643</u>	<u>\$ 28,646,993</u>	<u>\$ 24,357,704</u>

The total cost of all governmental activities this year was \$28,646,993; the total net cost was \$24,357,704. 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 \$18,137,110, which consisted of \$16,688,973 paid in the form of local property taxes and \$1,448,137 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

- \$5,739,779 was received as an "adequacy grant".
- \$8,774 was received in vocational aid.

#### Local sources

- Earnings from investments in the amount of \$81,405.
- Other local sources in the amount of \$345,525.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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Shaker Regional School District  
For the Year Ended June 30, 2023

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

### General Fund

The total general fund balance increased \$360,486 during the year from a fund balance of \$3,057,999 as of June 30, 2022, to a \$3,418,485 fund balance as of June 30, 2023. The June 30, 2023, fund balance consisted of \$2,500 of non-spendable prepaid expenses, \$772,458 committed for capital reserves, \$170,000 committed at the district meeting, \$293,541 committed non-lapsing appropriations, \$1,870 assigned by the school board for encumbrances and an unassigned fund balance in the amount of \$2,178,116.

### Major Special Revenue Funds

#### Grants Fund

The grants fund is classified as a special revenue fund and is reported as a major fund in the basic financial statements. It is operated on a cost reimbursement basis. As a result, there is no fund balance.

#### Local Grants Fund

Local grants fund is classified as a special revenue fund and is reported as a major fund in the basic financial statements. It is used to account for local grants and contributions restricted for a specific purpose.

### 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 as of June 30, 2023, was \$182,912.

#### 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 field trips. The student activities fund had a fund balance of \$176,454 as of June 30, 2023.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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Shaker Regional School District  
For the Year Ended June 30, 2023

## GENERAL FUND BUDGETARY HIGHLIGHTS

For the year ended June 30, 2023, 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 \$20,682 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 \$1,988,798.
- The original budget for the general fund in the amount of \$25,150,072 consists of the total appropriation voted of \$26,785,072 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 \$657,229.
- 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, 2023

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2023, the District had invested \$10,678,356 (\$23,581,196 at cost or estimated cost less accumulated depreciation of \$12,902,840) in a broad range of capital assets, including land and land improvements, buildings, vehicles, furniture and equipment, and leased assets as summarized in Exhibit C-1.

This amount represents a net decrease of \$550,634 or 4.90% 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		
	2022	2023	Change
Land and improvements	\$ 1,267,075	1,267,075	0.00%
Buildings	13,780,195	13,780,195	0.00%
Vehicles	193,367	193,367	0.00%
Furniture and equipment	5,256,193	5,563,624	5.85%
Leased assets	2,776,935	2,776,935	0.00%
<b>Capital assets, at cost</b>	<b>23,273,765</b>	<b>23,581,196</b>	<b>1.32%</b>
Accumulated depreciation	12,044,775	12,902,840	7.12%
<b>Capital assets, net</b>	<b>\$ 11,228,990</b>	<b>\$ 10,678,356</b>	<b>-4.90%</b>
<b>Increase (Decrease) in Capital Assets, Net</b>		<b>\$ (550,634)</b>	
<b>Major Changes</b>			
Furniture and equipment		\$ 307,431	
Depreciation expense		(858,065)	
		<b>\$ (550,634)</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, 2023**

## Debt

As of June 30, 2023, the District had \$25,727,694 of net long-term obligations (\$26,151,384 in total obligations less the current portion of \$423,690) as summarized in Exhibit C-2.

This amount represents a net increase of \$4,074,722 or 18.82% over the prior year.

### Exhibit C-2 LONG-TERM LIABILITIES

Long-Term Liabilities	Governmental Activities		
	2022	2023	Change
Leases	\$ 1,394,383	\$ 1,274,116	-8.63%
Compensated absences	59,893	50,525	-15.64%
Severance obligations	1,439,565	1,592,488	10.62%
Other postemployment benefit obligations	3,155,713	3,096,787	-1.87%
Net pension liability	15,826,341	20,137,468	27.24%
	21,875,895	26,151,384	19.54%
Less current portion	222,923	423,690	-90.06%
	\$ 21,652,972	\$ 25,727,694	18.82%
<b>Increase (Decrease), Net</b>		<b>\$ 4,074,722</b>	
<b>Significant Changes</b>			
Leases executed during the year		\$ 130,212	
Payments made against leases during the year		(250,479)	
Change in severance obligations		152,923	
Change in compensated absences		(9,368)	
Change in OPEB obligations		(58,926)	
Change in net pension liability		4,311,127	
Change in current portion		(200,767)	
		<b>\$ 4,074,722</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, 2023, the District was below its legal general obligation debt limit of approximately \$149,327,388.

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, 2023

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

District management and the School Board considered many factors when submitting the fiscal year 2023-2024 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
- Changes in Block Grant formula funding

Exhibit D-1 compares the actual amounts for the year ended June 30, 2023, with the amounts budgeted for fiscal year 2023-2024.

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

	<u>2023 Actual</u>	<u>2024 Budget</u>	<u>% Change</u>
Town of Belmont	\$ 6,245,921	\$ 6,622,483	6.03%
Town of Canterbury	941,803	1,078,453	14.51%
	<u>\$ 7,187,724</u>	<u>\$ 7,700,936</u>	<u>7.14%</u>



# MANAGEMENT'S DISCUSSION AND ANALYSIS

**Shaker Regional School District  
For the Year Ended June 30, 2023**

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 2022-2023 and 2023-2024.

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

	<b>2023 Actual</b>	<b>2024 Budget</b>	<b>% Change</b>
Town of Belmont	\$ 1,126,519,897	\$ 1,297,547,309	15.18%
Town of Canterbury	366,264,185	370,653,184	1.20%
	<b>\$ 1,492,784,082</b>	<b>\$ 1,668,200,493</b>	<b>11.75%</b>

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 2022-2023 and 2023-2024.

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

	<b>2023 Actual</b>	<b>2024 Budget</b>	<b>% Change</b>
Town of Belmont	977	978	0.10%
Town of Canterbury	201	207	2.99%
	<b>1,178</b>	<b>1,185</b>	<b>0.59%</b>

## **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, 2023

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,625,832
Receivables, net	838,250
Due from other governments	478,596
Prepaid	2,500
Capital assets:	
Land and improvements, nondepreciable	353,257
Other capital assets, net of accumulated depreciation	10,325,099
Total assets	<u>15,623,534</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	4,300,645
Deferred outflows of resources related to other post employment benefits	315,842
Total deferred outflows of resources	<u>4,616,487</u>
<b>LIABILITIES</b>	
Accounts payable	878,244
Accrued expenses	108,818
Due to other governments	2,676
Current portion of long-term liabilities	423,690
Noncurrent Obligations:	
Severance obligations	1,438,311
Capital lease obligations	1,055,128
Post employment benefit obligation	3,096,787
Net pension liability	20,137,468
Total liabilities	<u>27,141,122</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenue	177,589
Deferred inflows of resources related to pensions	469,393
Deferred inflows of resources related to other post employment benefits	902,833
Total deferred inflows of resources	<u>1,549,815</u>
<b>NET POSITION</b>	
Net investment in capital assets	9,404,240
Restricted for:	
Specific purposes	359,366
Unrestricted	(18,214,522)
Total net position	<u>\$ (8,450,916)</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, 2023

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Governmental Activities
Governmental activities:				
Instruction				
Regular instruction	\$ 8,941,982	\$ -	\$ 356,625	\$ (8,585,357)
Special education instruction	4,048,760	-	3,085,350	(963,410)
Vocational instruction	169,388	-	-	(169,388)
Other instruction	3,671,849	-	-	(3,671,849)
Support services				
Student support services	3,052,051	174,316	-	(2,877,735)
Instructional staff services	1,121,125	-	-	(1,121,125)
General administration	113,216	-	-	(113,216)
Executive administration	293,572	-	-	(293,572)
School administrative services	1,425,145	-	-	(1,425,145)
Business services	430,206	-	-	(430,206)
Operation and maintenance	1,847,046	-	-	(1,847,046)
Student transportation	1,162,082	-	-	(1,162,082)
Food service program	729,859	278,398	394,600	(56,861)
Capital outlay	782,647	-	-	(782,647)
Depreciation (unallocated)	858,065	-	-	(858,065)
Total governmental activities	<u>28,646,993</u>	<u>452,714</u>	<u>3,836,575</u>	<u>(24,357,704)</u>
General revenues:				
School district assessment				\$ 16,688,973
Local sources				345,525
State of New Hampshire sources				7,196,690
Investment income				81,405
Miscellaneous sources				293,165
Total general revenues				<u>24,605,758</u>
Change in net position				248,054
Net position - beginning				<u>(8,698,970)</u>
Net position - ending				<u>\$ (8,450,916)</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, 2023

	General Fund	Grants Fund	Local Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 3,173,750	\$ -	\$ 154,795	\$ 297,287	\$ 3,625,832
Held by trustees	808,803	-	-	-	808,803
Receivables, net	9,218	-	13,326	6,903	29,447
Due from other governments	30,677	371,446	-	76,473	478,596
Due from other funds	293,676	-	-	-	293,676
Prepays	2,500	-	-	-	2,500
Total assets	<u>\$ 4,318,624</u>	<u>\$ 371,446</u>	<u>\$ 168,121</u>	<u>\$ 380,663</u>	<u>\$ 5,238,854</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 803,582	\$ 68,253	\$ 5,298	\$ 1,111	\$ 878,244
Accrued expenses	93,881	9,517	-	5,420	108,818
Due to other governments	2,676	-	-	-	2,676
Due to other funds	-	293,676	-	-	293,676
Total liabilities	<u>900,139</u>	<u>371,446</u>	<u>5,298</u>	<u>6,531</u>	<u>1,283,414</u>
Deferred Inflows of Resources:					
Deferred revenues	-	-	162,823	14,766	177,589
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>162,823</u>	<u>14,766</u>	<u>177,589</u>
Fund balances:					
Nonspendable	2,500	-	-	-	2,500
Committed	1,235,999	-	-	-	1,235,999
Assigned	1,870	-	-	359,366	361,236
Unassigned	2,178,116	-	-	-	2,178,116
Total fund balance	<u>3,418,485</u>	<u>-</u>	<u>-</u>	<u>359,366</u>	<u>3,777,851</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,318,624</u>	<u>\$ 371,446</u>	<u>\$ 168,121</u>	<u>\$ 380,663</u>	<u>\$ 5,238,854</u>

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

# SHAKER REGIONAL SCHOOL DISTRICT

## Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2023

**Total Fund Balances - Governmental Funds** \$ 3,777,851

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	\$ 23,581,196	
Less accumulated depreciation	<u>(12,902,840)</u>	10,678,356

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

Lease obligations	(1,274,116)	
Compensated absences	(50,525)	
Severance obligations	(1,592,488)	
OPEB obligation	(3,096,787)	
Net pension liability	<u>(20,137,468)</u>	(26,151,384)

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	(1,372,226)	
Deferred outflows of resources	<u>4,616,487</u>	<u>3,244,261</u>

**Total Net Position - Governmental Activities** \$ (8,450,916)

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, 2023

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Local Grants Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
School district assessment	\$ 16,688,973	\$ -	\$ -	\$ -	\$ 16,688,973
Local sources	253,066	-	92,459	452,714	798,239
State of New Hampshire sources	7,487,759	205,713	-	7,515	7,700,987
Federal sources	242,808	2,702,385	-	387,085	3,332,278
Investment income	<u>81,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,405</u>
Total revenues	<u>24,754,011</u>	<u>2,908,098</u>	<u>92,459</u>	<u>847,314</u>	<u>28,601,882</u>
<b>Expenditures</b>					
Current:					
Instruction	13,924,054	2,908,098	92,459	167,407	17,092,018
Support services	4,317,079	-	-	-	4,317,079
General administration	113,216	-	-	-	113,216
Executive administration	5,312,019	-	-	-	5,312,019
Food service program	630	-	-	729,229	729,859
Capital outlay	<u>782,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>782,647</u>
Total expenditures	<u>24,449,645</u>	<u>2,908,098</u>	<u>92,459</u>	<u>896,636</u>	<u>28,346,838</u>
Excess of revenues over / (under) expenditures	304,366	-	-	(49,322)	255,044
<b>Other Financing Sources (Uses)</b>					
Lease financing	130,212	-	-	-	130,212
Transfers in	-	-	-	74,092	74,092
Transfers out	<u>(74,092)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,092)</u>
Net change in fund balance	360,486	-	-	24,770	385,256
Fund balance, beginning	<u>3,057,999</u>	<u>-</u>	<u>-</u>	<u>334,596</u>	<u>3,392,595</u>
Fund balance, ending	<u>\$ 3,418,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 359,366</u>	<u>\$ 3,777,851</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, 2023

**Total Net Change in Fund Balances - Governmental Funds** \$ 385,256

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	\$ 307,431	
Depreciation expense	<u>(858,065)</u>	(550,634)

Some of the capital assets acquired this year were financed by leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position. (130,212)

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

Principal on leases	<u>250,479</u>	250,479
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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	9,368	
Severance obligation (increase) decrease	(152,923)	
OPEB obligation (increase) decrease	58,926	
Net pension liability	<u>(4,311,127)</u>	(4,395,756)

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	4,954,922	
Deferred outflows increase (decrease)	<u>(266,001)</u>	<u>4,688,921</u>

**Change in Net Position of Governmental Activities** \$ 248,054

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, 2023**

	<u><b>Custodial Funds</b></u>
<b>Assets</b>	
Cash and cash equivalents	\$ 18,019
Total assets	<u>\$ 18,019</u>
<b>Net Position</b>	
Restricted for:	
Individuals and organizations	\$ 18,019
Total net position	<u>\$ 18,019</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, 2023

	<u>Custodial Funds</u>
<b>Additions:</b>	
Local sources	\$ 67,102
Total additions	<u>67,102</u>
<b>Deductions:</b>	
Instruction	<u>65,895</u>
Total deductions	<u>65,895</u>
Change in net position	1,207
Net position, beginning	<u>16,812</u>
Net position, ending	<u>\$ 18,019</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), (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.

## NOTE 1 – (continued)

### 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 reported 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.

## NOTE 1 – (continued)

### D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Two different measurement focuses are used under the 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.

# SHAKER REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2023

## NOTE 1 – (continued)

### Interfund Activity

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

### Capital Assets

For government-wide financial statements, capital assets purchased or acquired, in accordance with the District's capitalization policy, are reported at historical cost or estimated historical cost. 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.

## NOTE 1 – (continued)

### Long-term Obligations

All long-term debt is reported as liabilities in the government-wide financial statements. Long-term obligations consist of 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.

Governmental Accounting Standards Board Statement No. 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 benefits.

### Pensions

Governmental Accounting Standards Board Statement No. 68 – *Accounting and Financial Reporting for Pensions*, requires the District 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

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

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.



## NOTE 1 – (continued)

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.

The district voted to authorize indefinitely, until rescinded, to retain year-end unassigned general funds in an amount not to exceed, in any fiscal year, 5 percent of the current year's net assessment, in accordance with RSA 198:4-b, II.

### Revenues

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

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

### Use of Estimates

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

## NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Legal Debt Limit

Per state statute, the District may not incur debt at any one time in excess of 10% of 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, 2023, 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. As of June 30, 2023, 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, 2023

## NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and equivalents	\$ 3,625,832
Fiduciary funds:	
Cash and equivalents	18,019
	<u>\$ 3,643,851</u>

Deposits and investments as of June 30, 2023, consist of the following:

Cash on hand	\$ -
Deposits with financial institutions	3,643,851
	<u>\$ 3,643,851</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, 2023, the District's bank balance of \$3,811,404 was covered by deposit insurance and collateral and none was exposed to custodial credit risk.

# SHAKER REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2023

## NOTE 4 - INTERFUND BALANCES AND TRANSFERS

### Balances

Individual interfund balances as of June 30, 2023, consisted of the following:

	<u>Due From</u>	<u>Due To</u>
Major Funds:		
General fund	\$ 293,676	\$ -
Grants fund	-	293,676
	<u>\$ 293,676</u>	<u>\$ 293,676</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, 2023, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General fund	\$ -	\$ 74,092
Nonmajor Funds:		
Food service fund	74,092	-
	<u>\$ 74,092</u>	<u>\$ 74,092</u>

The District reported an operating transfer to the food service fund to subsidize operations in accordance with budgetary authority.

# SHAKER REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2023

## NOTE 5 - INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

### Intergovernmental Receivables

Intergovernmental receivables as of June 30, 2023, consisted of the following:

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Nonmajor - Food Service Fund</u>	<u>Total Governmental Funds</u>
Local Governments				
Town of Belmont - Trustees	\$ 808,803	\$ -	\$ -	\$ 808,803
Other	5,105	-	-	5,105
Federal / State Government				
Pass-through grants and other	<u>25,572</u>	<u>371,446</u>	<u>76,473</u>	<u>473,491</u>
	<u>\$ 839,480</u>	<u>\$ 371,446</u>	<u>\$ 76,473</u>	<u>\$ 1,287,399</u>

Intergovernmental receivables result primarily from 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

Intergovernmental payables reported as of June 30, 2023, were as follow:

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Local Governments		
Various	<u>\$ 2,676</u>	<u>\$ 2,676</u>
	<u>\$ 2,676</u>	<u>\$ 2,676</u>

# SHAKER REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2023

## NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2023, 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
	<u>353,257</u>	<u>-</u>	<u>-</u>	<u>353,257</u>
<b>Capital assets being depreciated:</b>				
Land improvements	913,818	-	-	913,818
Buildings	13,780,195	-	-	13,780,195
Vehicles	193,367	-	-	193,367
Furniture and equipment	5,256,193	307,431	-	5,563,624
Leased assets	2,776,935	-	-	2,776,935
	<u>22,920,508</u>	<u>307,431</u>	<u>-</u>	<u>23,227,939</u>
Less accumulated depreciation:				
Land improvements	197,677	55,270	-	252,947
Buildings	6,540,676	211,814	-	6,752,490
Vehicles	113,071	21,046	-	134,117
Furniture and equipment	4,097,066	331,105	-	4,428,171
Leased assets	1,096,285	238,830	-	1,335,115
Accumulated depreciation	<u>12,044,775</u>	<u>858,065</u>	<u>-</u>	<u>12,902,840</u>
Capital assets being depreciated, net	<u>10,875,733</u>	<u>(550,634)</u>	<u>-</u>	<u>10,325,099</u>
<b>Governmental activities capital assets, Net of accumulated depreciation</b>	<u>\$ 11,228,990</u>	<u>\$ (550,634)</u>	<u>\$ -</u>	<u>\$ 10,678,356</u>
Depreciation expense for the year ended June 30, 2023 (unallocated)				<u>\$ 858,065</u>

# SHAKER REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2023

## 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 severance obligations.

A summary of long-term liabilities outstanding as of June 30, 2023, is as follows:

	<b>Leases</b>	<b>Compensated Absences</b>	<b>Severance Obligations</b>	<b>OPEB Obligations</b>	<b>Net Pension Liability</b>	<b>Total</b>
	(See Note 8)					
Beginning balance	\$ 1,394,383	\$ 59,893	\$ 1,439,565	\$ 3,155,713	\$ 15,826,341	\$ 21,875,895
Additions	130,212	-	152,923	142,511	4,311,127	4,736,773
Reductions	(250,479)	(9,368)	-	(201,437)	-	(461,284)
Ending balance	<u>1,274,116</u>	<u>50,525</u>	<u>1,592,488</u>	<u>3,096,787</u>	<u>20,137,468</u>	<u>26,151,384</u>
Current portion	218,988	-	204,702	-	-	423,690
Noncurrent portion	<u>1,055,128</u>	<u>50,525</u>	<u>1,387,786</u>	<u>3,096,787</u>	<u>20,137,468</u>	<u>25,727,694</u>
	<u>\$ 1,274,116</u>	<u>\$ 50,525</u>	<u>\$ 1,592,488</u>	<u>\$ 3,096,787</u>	<u>\$ 20,137,468</u>	<u>\$ 26,151,384</u>

Long-term liabilities outstanding as of June 30, 2023, consisted of the following:

	<b>Issue Year</b>	<b>Maturity Date</b>	<b>Original Amount of Issue</b>	<b>Amount Outstanding 6/30/23</b>
<u>Lease Obligations (See Note 8)</u>				
Energy Improvements	2016	2031	\$ 2,400,000	\$ 1,101,345
Chromebooks	2022	2024	210,700	70,115
Copiers	2023	2027	30,212	102,656
				<u>1,274,116</u>
<u>Other Long-Term Obligations</u>				
Compensated absences				50,525
Severance obligations				1,592,488
OPEB obligations - Health Implicit Rate Subsidy				1,763,111
OPEB obligations - NHRS Medical Subsidy				1,333,676
Net pension liability				20,137,468
				<u>24,877,268</u>
				<u>\$ 26,151,384</u>

# SHAKER REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2023

## NOTE 8 - LEASES

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Annual Payment Amount	Interest Rate	Total Lease Liability	Balance June 30, 2023	Current Portion
Signature Public Funding - Energy Improvement Equipment	9/28/2020	10 Years	\$ 155,902	2.85%	\$ 1,340,118	\$ 1,101,345	\$ 124,514
DDI Capital - Chromebooks	8/10/2021	3 Years	\$ 75,282	7.37%	\$ 210,700	70,115	70,115
MST - Copiers	7/1/2022	5 Years	\$ 27,941	3.49%	\$ 130,212	102,656	24,359
						<u>\$ 1,274,116</u>	<u>\$ 218,988</u>

Signature Public Funding Corp. - On September 28, 2020, the District entered into a 10-year lease purchase agreement with Signature Public Funding Corp, (Lessor), for energy improvement equipment in order to reduce energy costs and increase heat and light. The District shall have ownership and legal title to the equipment. The lessor does not own the equipment and is merely financing the equipment for the lessee. The District has the option to prepay the lease in whole on any Payment Date on or after the Prepayment Option Commencement Date.

DDI Capital – On August 10, 2019, the District entered into a 3-year lease agreement with DDI Capital for Chromebook computers. The agreement requires annual lease payments in advance. The District has the option to purchase the equipment for \$1 at the end of the lease term.

MST – On July 1, 2022, the District entered into a 5-year lease agreement with MST Government Leasing, LLC for copiers. The agreement requires annual lease payments in advance. Title to the equipment shall pass to the district upon acceptance of the equipment pursuant to the lease agreement. The District has the option to purchase the equipment for \$1 at the end of the lease term.

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

Year Ended June 30,	Principal	Interest
2024	\$ 218,988	\$ 40,138
2025	153,272	30,573
2026	157,802	26,043
2027	162,465	21,380
2028	139,327	16,575
2029 - 2031	442,262	25,444
	<u>\$ 1,274,116</u>	<u>\$ 160,153</u>



## NOTE 9 - PENSION PLAN

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

The System is funded by contributions from both the employees and the District. Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State Legislature while the employer contribution rates are determined by the System Board of Trustees based on an actuarial valuation. Plan members are required to contribute 7.0% of their covered salary. The District's contribution rates for the year ended June 30, 2023, were 21.02% and 14.06% of covered payroll for teachers and other employees, respectively. The District's contributions to the System for the years ended June 30, 2023, 2022, and 2021 were \$2,187,426, \$2,181,341, and \$1,812,331, respectively, equal to the required contributions for each year.

## NOTE 10 - COLLECTIVE BARGAINING AGREEMENTS

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

**NOTE 11 – PROPORTIONATE SHARE OF NET PENSION LIABILITY**

GASB Statement 68, *Accounting and Financial Reporting for Pensions*, established 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, Plan or System) is a public employee retirement system which administers a cost-sharing multiple-employer defined benefit pension plan (Pension Plan). For additional NHRS information, please refer to the fiscal 2022 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 1/1/12 (45 years of age with 20 years of service OR age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by 1/1/12, the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service, as follows:

<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 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, 2023

## NOTE 11 – (continued)

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

Inflation	2.0%	
Salary increases	5.4%	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 (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2021, valuation to calculate the total pension liability as of June 30, 2022, were based on the results of the most recent actuarial experience study for the period from July 1, 2015–June 30, 2019.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Geometric Return</u>
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
<b>Public Equity</b>	<b>50.00%</b>	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
<b>Private Market Equity</b>	<b>20.00%</b>	
Private Debt	5.00%	7.25%
<b>Private Debt</b>	<b>5.00%</b>	
Core U.S. Fixed Income (3)	25.00%	3.60%
<b>Fixed Income</b>	<b>25.00%</b>	
<b>Inflation</b>		2.25%
<b>TOTAL</b>	<b><u>100.00%</u></b>	<b>7.30%</b>

# SHAKER REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2023

## NOTE 11 – (continued)

Discount rate. The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer 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 benefit payments to determine the collective total pension liability.

### Sensitivity Analysis.

The following presents the sensitivity of the collective net pension liability to changes in the discount rate. It presents the District's proportionate share of the collective net pension liability calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the stated single discount rate:

	<u>1% Decrease</u>	<u>Current single rate assumption</u>	<u>1% Increase</u>
Employer's proportionate share of the net pension liability:			
June 30, 2023	\$ 27,019,405	\$ 20,137,468	\$ 14,415,774

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

As of June 30, 2023, the District reported a liability of \$20,137,468 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating members, actuarially determined. As of June 30, 2023, the District's proportion was 0.03510636 percent.

# SHAKER REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2023

## NOTE 11 – (continued)

For the year ended June 30, 2023, the District recognized pension expense of \$2,104,187. As of June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Total Excluding Employer Contributions</b>
Differences between expected and actual experience	\$ 377,944	\$ 77,304	\$ 300,640
Net differences between projected and actual earnings on pension plan investments	763,184	-	763,184
Changes of assumptions	1,071,152	-	1,071,152
Changes in proportion and differences between Employer contributions and proportionate share of contributions	48,768	392,089	(343,321)
Employer contributions subsequent to the measurement date	2,039,597	-	NA
Total	<u>\$ 4,300,645</u>	<u>\$ 469,393</u>	<u>\$ 1,791,655</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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follow:

<u>Year Ending June 30,</u>	<u>Deferred Outflows/(Inflows)</u>
2024	\$ 640,988
2025	570,632
2026	(301,945)
2027	881,980
Total	<u>\$ 1,791,655</u>

## NOTE 12 – ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

### **A. IMPLICIT RATE SUBSIDY OPEB**

#### **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. 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, 2023

## NOTE 12 – (continued)

### Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefit payments	68
Inactive employees entitled to but not yet receiving benefit payments	0
Active Employees	<u>203</u>
Total Participants covered by OPEB Plan	<u>271</u>

### Total OPEB Liability

The school district's total OPEB liability of \$1,763,111 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021.

### Actuarial assumptions and other inputs

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

Discount Rate	3.54%
Healthcare Cost Trend Rates:	
2021 Trend	9.50%
2022 Trend	7.00%
Ultimate Trend	4.24%
Year Ultimate Trend is Reached	2090
Salary Increases	3.00%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of June 30, 2022.

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

# SHAKER REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2023

## NOTE 12 – (continued)

### Significant Changes from the Previous Actuarial Valuation

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

### Changes in the Total OPEB Liability

	June 30, 2023
OPEB Liability Beginning of Year	\$ 1,724,680
Changes for the year:	
Service Cost	83,300
Interest	59,211
Assumption Changes	-
Difference Between Actual and Expected Experience	-
Benefit payments	(104,080)
OPEB Liability End of Year	<u>\$ 1,763,111</u>

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

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

	Discount Rate		
	1% Decrease	Baseline Rate	1% Increase
Total OPEB Liability	\$ 1,872,962	\$ 1,763,111	\$ 1,656,840



# SHAKER REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2023

## NOTE 12 – (continued)

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

The following presents the total OPEB Liability, calculated using the trend rate of 7.00%, as well as what the total OPEB Liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	Healthcare Cost Trend Rates		
	<u>1% Decrease</u>	<u>Baseline Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,577,154	\$ 1,763,111	\$ 1,977,365

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

For the year ended June 30, 2023, the School District recognized an OPEB expense of \$(278,720). As of June 30, 2023, the School District reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Balance, beginning	\$ 332,091	\$ 1,491,787	\$ (1,159,696)
Amortization	<u>(167,723)</u>	<u>(588,954)</u>	<u>421,231</u>
Balance, ending	<u>\$ 164,368</u>	<u>\$ 902,833</u>	<u>\$ (738,465)</u>

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

<u>For the Year Ending June 30,</u>	Deferred Outflows	Deferred Inflows	Net
2024	\$ 164,368	\$ 469,850	\$ (305,482)
2025	-	404,655	(404,655)
2026	-	28,328	(28,328)
2027	-	-	-
Total	<u>\$ 164,368</u>	<u>\$ 902,833</u>	<u>\$ (738,465)</u>

## NOTE 12 – (continued)

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

#### **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 is a public employee retirement system which administers a cost-sharing, multiple-employer other postemployment benefit (OPEB) plan. For additional system information, please refer to 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 Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the Medical Subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the Medical Subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

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

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

#### **Contributions**

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

#### **Proportionate Share of NHRS Net OPEB Liability**

The District's proportionate share of the NHRS Medical Subsidy Net OPEB Liability as of the measurement date was \$1,333,676. The District's proportion of the net OPEB liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating members, actuarially determined. As of June 30, 2023, the District's proportion was 0.35293021 percent.

# SHAKER REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2023

## NOTE 12 – (continued)

### Actuarial assumptions and other inputs

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

Inflation	2.00%
Salary Increases	5.40% average, including inflation
Wage Inflation	2.75%
Investment rate of return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

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

The actuarial assumptions used in the valuation to calculate the total OPEB liability as of June 30, 2022, were based on the results of an actuarial experience study for the period from July 1, 2015 – June 30, 2019.

### Long-Term Rates of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Geometric Return</u>
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
<b>Public Equity</b>	<b>50.00%</b>	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
<b>Private Market Equity</b>	<b>20.00%</b>	
Private Debt	5.00%	7.25%
<b>Private Debt</b>	<b>5.00%</b>	
Core U.S. Fixed Income (3)	25.00%	3.60%
<b>Fixed Income</b>	<b>25.00%</b>	
<b>Inflation</b>		2.25%
<b>TOTAL</b>	<b><u>100.00%</u></b>	<b>7.30%</b>

# SHAKER REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2023

## NOTE 12 – (continued)

### Discount Rate

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

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

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

	Discount Rate		
	1%		1%
	Decrease	Baseline Rate	Increase
Total OPEB Liability	\$ 1,447,932	\$ 1,333,676	\$ 1,234,167

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

For the year ended June 30, 2023, the District recognized an OPEB expense of \$29,304. As of June 30, 2023, the District reported deferred inflows and outflows of resources related to the Net OPEB Liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total exclusive of Employer Contribution
Net differences between projected and actual earnings on OPEB plan investments	\$ 3,645	\$ -	\$ 3,645
Employer contributions subsequent to the measurement date	147,829	-	NA
Total	\$ 151,474	\$ -	\$ 3,645

# SHAKER REGIONAL SCHOOL DISTRICT

**Notes to Basic Financial Statements**  
**June 30, 2023**

## NOTE 12 – (continued)

Deferred outflows of resources related to OPEB benefits resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB liabilities will be recognized in pension expense as follows:

For the Year Ending June 30,	Deferred Outflows/(Inflows)
2024	\$ 606
2025	157
2026	(1,434)
2027	4,316
Total	\$ 3,645

## **C. CONSOLIDATED IMPLICIT RATE SUBSIDY 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, 2023.

	<b>OPEB Liability</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Total OPEB Expense</b>
Implicit Rate Subsidy OPEB	\$ 1,763,111	\$ 164,368	\$ 902,833	\$ (278,720)
NHRS Medical Subsidy OPEB Plan	1,333,676	151,474	-	29,304
Total	\$ 3,096,787	\$ 315,842	\$ 902,833	\$ (249,416)

# SHAKER REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2023

## NOTE 13 - FUND BALANCE COMPONENTS

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

	<b>General Fund</b>	<b>Nonmajor - Food Service Fund</b>	<b>Nonmajor - Student Activities Fund</b>	<b>Total Governmental Funds</b>
Nonspendable:				
Prepaid expenditures	\$ 2,500	\$ -	\$ -	\$ 2,500
Committed:				
Continuing appropriation	293,541	-	-	293,541
Capital reserves	772,458	-	-	772,458
District vote	170,000	-	-	170,000
Assigned:				
Residual fund balance	-	182,912	176,454	359,366
Encumbrances	1,870	-	-	1,870
Unassigned:	<u>2,178,116</u>	<u>-</u>	<u>-</u>	<u>2,178,116</u>
	<u>\$ 3,418,485</u>	<u>\$ 182,912</u>	<u>\$ 176,454</u>	<u>\$ 3,777,851</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

# SHAKER REGIONAL SCHOOL DISTRICT

## Budgetary Comparison Schedule - General Fund Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance
<b>Budgetary Fund Balance - Beginning</b>	\$ 980,000	\$ 1,000,682	\$ 2,226,268	\$ 1,225,586
Resources (inflows):				
School district assessment				
Local school tax	16,688,973	16,688,973	16,688,973	-
Local sources				
Earnings on investments	-	-	51,558	51,558
Other	10,000	10,000	253,066	243,066
State of New Hampshire sources				
Special education aid	65,000	65,000	140,157	75,157
Vocational aid	9,500	9,500	8,774	(726)
Other state sources	148,875	148,875	150,912	2,037
Adequacy grant	5,739,587	5,739,587	5,739,779	192
State education tax	1,448,137	1,448,137	1,448,137	-
Federal sources				
Medicaid distribution	60,000	60,000	242,808	182,808
Transfers in				
Received from capital reserves	-	-	209,120	209,120
Amounts available for appropriation	<u>25,150,072</u>	<u>25,170,754</u>	<u>27,159,552</u>	<u>1,988,798</u>
Charges to appropriations (outflows):				
Instruction				
Regular instruction	10,107,970	10,108,249	9,202,021	906,228
Special education instruction	4,456,116	4,456,116	4,048,760	407,356
Vocational instruction	190,201	190,201	169,388	20,813
Other instruction	581,720	581,720	503,885	77,835
Community / After school program	3,875	3,875	-	3,875
Support services				
Student support services	2,904,791	2,905,134	3,153,910	(248,776)
Instructional staff services	1,205,769	1,205,824	1,163,169	42,655
General administration				
School board	126,673	126,673	113,216	13,457
Executive administration				
All other administration	295,978	295,978	293,572	2,406
School administrative services	1,483,068	1,483,068	1,452,701	30,367
Business services	391,816	391,816	430,206	(38,390)
Operation and maintenance	1,947,648	1,957,153	1,973,458	(16,305)
Student transportation	1,141,289	1,141,289	1,162,082	(20,793)
Support services	19,066	19,066	-	19,066
Food service program				
Food service expenditures	74,092	74,092	630	73,462
Capital outlay				
Buildings	100,000	110,500	652,435	(541,935)
Transfers out				
Special revenue funds	-	-	74,092	(74,092)
Transfer to capital reserve	120,000	120,000	120,000	-
Total charges to appropriations	<u>25,150,072</u>	<u>25,170,754</u>	<u>24,513,525</u>	<u>657,229</u>
<b>Budgetary Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,646,027</u>	<u>\$ 2,646,027</u>

See the accompanying notes to the required supplementary information.



## SHAKER REGIONAL SCHOOL DISTRICT

### Schedule of Changes in Implicit Rate Subsidy OPEB Liability Year Ended June 30, 2023

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total OPEB Liability Beginning of Year	\$ 2,262,895	\$ 2,387,141	\$ 2,450,410	\$ 3,169,622	\$ 3,333,764	\$ 1,724,680
Changes for the Year:						
Service Cost	109,389	111,807	172,333	176,142	80,452	83,300
Interest	79,922	84,215	65,666	69,152	57,934	59,211
Assumption Changes	(65,065)	(63,203)	835,260	-	(1,330,040)	-
Difference Between Actual and Expected Experience	-	-	(274,650)	-	(316,908)	-
Benefit payments	-	(69,550)	(79,397)	(81,152)	(100,522)	(104,080)
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>	<u>\$ 1,724,680</u>	<u>\$ 1,763,111</u>
District's covered-employee payroll	\$ 8,768,727	\$ 8,944,102	\$ 9,631,846	\$ 9,824,483	\$ 10,125,073	\$ 10,631,326
Total OPEB Liability as a percentage of covered payroll	27.22%	27.40%	32.91%	33.93%	17.03%	16.58%

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, 2023

### 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, 2023	0.35293021%	\$ 1,333,676	\$ 10,977,938	12%	10.64%
June 30, 2022	0.35735009%	\$ 1,431,033	\$ 10,892,317	13%	11.06%
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		Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
		Contractually Required Contribution	Contribution Deficiency (Excess)		
June 30, 2023	\$ 148,616	\$ 148,616	\$ -	\$ 10,977,938	1.35%
June 30, 2022	\$ 171,725	\$ 171,725	\$ -	\$ 10,892,317	1.58%
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, 2023

### 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, 2023	0.35106361%	\$ 20,137,468	\$ 10,977,938	183.44%	65.12%
June 30, 2022	0.35709903%	\$ 15,826,341	\$ 10,892,317	145.30%	72.22%
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, 2023	\$ 2,032,725	\$ 2,032,711	\$ (14)	\$ 10,977,938	18.5%
June 30, 2022	\$ 1,640,606	\$ 1,640,606	\$ -	\$ 10,892,317	15.06%
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, 2023

## 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 \$25,150,072 consists of the total appropriation voted of \$26,785,072 less amounts representing offsets for other funds; \$575,000 for the Food Service Fund, and \$1,060,000 for the grants 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 balance in governmental funds and are carried forward to supplement appropriations of the subsequent year. Certain appropriations that are not "annual appropriations" do not lapse at year-end. These continuing appropriations include those from special or unanticipated revenues, capital projects and specific items that are not required to have been completed at year-end. Continuing appropriations are reported as a commitment of fund balance in governmental funds and are carried forward to supplement appropriations of the subsequent year.

### C. Final Budget

The final budget consists of the original budget adjusted for appropriate legal changes applicable to the year, including those occurring during and after the end of the year. The final budget is \$20,682 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, 2023

## 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	\$ 27,159,552
Differences - Budget to GAAP:	
Budgetary inflows that are not revenues for financial reporting purposes	
Beginning unreserved fund (balance) deficit - used to reduce taxes	(2,226,268)
Capital reserve transfers	(209,120)
Financial reporting revenues that are not inflows for budgetary purposes	
Earnings on capital reserve investments	<u>29,847</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 24,754,011</u>
<b>Uses / Outflows of Resources:</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 24,513,525
Differences - Budget to GAAP:	
Budgetary outflows that are not expenditures for financial reporting purposes	
Capital reserve transfers	(120,000)
Transfers to other funds	(74,092)
Financial reporting expenditures that are not outflows for budgetary purposes	
Capital lease expenditures	<u>130,212</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 24,449,645</u>

# SHAKER REGIONAL SCHOOL DISTRICT

Notes to Required Supplementary Information  
June 30, 2023

## NOTE 3 –REQUIRED OPEB SUPPLEMENTARY INFORMATION

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

District OPEB Plan – The District plan as described in the notes to the financial statements is required to report as required supplementary information a **Schedule of Changes in Implicit Rate Subsidy 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.

## **OTHER SUPPLEMENTARY INFORMATION**



# SHAKER REGIONAL SCHOOL DISTRICT

## Combining Balance Sheet - Nonmajor Governmental Funds June 30, 2023

	<b>Food Service Fund</b>	<b>Student Activities Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 104,521	\$ 176,454	\$ 280,975
Receivables, net	6,903	-	6,903
Due from other governments	76,473	-	76,473
Due from other funds	16,312	-	16,312
Total assets	<u>\$ 204,209</u>	<u>\$ 176,454</u>	<u>\$ 380,663</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 1,111	\$ -	\$ 1,111
Accrued expenses	5,420	-	5,420
Total liabilities	<u>6,531</u>	<u>-</u>	<u>6,531</u>
Deferred inflows:			
Deferred revenue	14,766	-	14,766
Total deferred inflows	<u>14,766</u>	<u>-</u>	<u>14,766</u>
Fund balances:			
Assigned	182,912	176,454	359,366
Total fund balances	<u>182,912</u>	<u>176,454</u>	<u>359,366</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 204,209</u>	<u>\$ 176,454</u>	<u>\$ 380,663</u>

# SHAKER REGIONAL SCHOOL DISTRICT

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2023

	<b>Food Service Fund</b>	<b>Student Activities Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>			
Local sources	\$ 278,398	\$ 174,316	\$ 452,714
State of New Hampshire sources	7,515	-	7,515
Federal sources	387,085	-	387,085
Transfers in	<u>74,092</u>	<u>-</u>	<u>74,092</u>
Total revenues	<u>747,090</u>	<u>174,316</u>	<u>921,406</u>
<b>Expenditures</b>			
Instruction	-	167,407	167,407
Food service program	<u>729,229</u>	<u>-</u>	<u>729,229</u>
Total expenditures	<u>729,229</u>	<u>167,407</u>	<u>896,636</u>
Excess revenues over (under) expenditures	17,861	6,909	24,770
Fund balance, beginning	<u>165,051</u>	<u>169,545</u>	<u>334,596</u>
Fund balance, ending	<u>\$ 182,912</u>	<u>\$ 176,454</u>	<u>\$ 359,366</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, 2023, 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 November 17, 2023.

#### **Report on 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.

## **Report on 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  
November 17, 2023

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

To the School Board  
Shaker Regional School District  
Belmont, New Hampshire

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

##### ***Opinion on 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, 2023. 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.

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, 2023.

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

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

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

##### ***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

*Roberge and Co., P.C.*

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

Franklin, New Hampshire

November 17, 2023



**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

# SHAKER REGIONAL SCHOOL DISTRICT

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Assistance Listing #	Pass Through ID #	Expenditures of Federal Awards
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed through the NH Department of Education</i>			
<b>CHILD NUTRITION CLUSTER</b>			
School Breakfast Program	10.553		\$ 34,975
National School Lunch Program	10.555		222,198
National School Lunch Program	10.555	Supply Chain	88,362
<i>Passed through the NH Surplus Distribution Section</i>			
National School Lunch Program - Commodities (Noncash)	10.555		40,483
			351,043
<i>Passed Through the NH Department of Education</i>			
Fresh Fruit and Vegetable Program	10.582		26,500
<b>CHILD NUTRITION CLUSTER TOTAL</b>			412,518
<i>Passed through the NH Department of Education</i>			
Child Nutrition Discretionary Grants Limited Availability	10.579		15,050
<b>U.S. DEPARTMENT OF AGRICULTURE TOTAL</b>			427,568
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed through the NH Department of Education</i>			
Title I, Grants to Local Educational Agencies (LEAs)	84.010	20230210	289,223
Title I, Grants to Local Educational Agencies (LEAs)	84.010	20220304	45,612
			334,835
<b>SPECIAL EDUCATION CLUSTER</b>			
Special Education - Grants to States (IDEA, Part B)	84.027	20221103	56,288
Special Education - Grants to States (IDEA, Part B)	84.027	20221007	219,428
Special Education - Grants to States (IDEA, Part B)	84.027	20231145	61,426
			337,142
Special Education - Preschool Grants (IDEA Preschool)	84.173	20221103	3,281
Special Education - Preschool Grants (IDEA Preschool)	84.173	20221007	2,873
			6,154
<b>SPECIAL EDUCATION CLUSTER TOTAL</b>			343,296
Rural and Low Income	84.358	20221218	23,600
Rural and Low Income	84.358	20211495	20,140
			43,740
Supporting Effective Instruction State Grants	84.367	20221134	61,060
Supporting Effective Instruction State Grants	84.367	20204853	8,508
Supporting Effective Instruction State Grants	84.367	20211719	6,716
Supporting Effective Instruction State Grants	84.367	20230640	7,769
			84,053
Student Support & Academic Enrichment	84.424	20220857	21,455
Student Support & Academic Enrichment	84.424	20230761	1,622
			23,077
COVID-19 - Education Stabilization Fund	84.425D	20211433	339,475
COVID-19 - Education Stabilization Fund	84.425D	20200804	4,063
COVID-19 - Education Stabilization Fund	84.425U	20220732	1,526,630
COVID-19 - Education Stabilization Fund	84.425W	20220681	3,217
			1,873,385
<b>U.S. DEPARTMENT OF EDUCATION TOTAL</b>			2,702,386
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 3,129,954</b>

The accompanying notes are an integral part of this schedule.

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

# SHAKER REGIONAL SCHOOL DISTRICT

## Notes to Schedule of Expenditures of Federal Awards June 30, 2023

### 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, 2023. 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. The operating statements of these funds' present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The expenditures reported in the Schedule of Expenditures of Federal Awards are recognized following the applicable cost principles of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Guidance, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and include, but are not limited to, expenditure transactions associated with grants, cost reimbursement grants and contracts, the receipt or use of program income and the distribution or consumption of food commodities (non-cash transactions) and cost reimbursements for nutrition goods and services programs.

Indirect costs included in the Schedule of Expenditures of Federal Awards of the 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>	\$ 3,129,954
Non-federal grants	205,712
Federal Commodities Food Distribution	<u>(40,483)</u>
	<u>\$ 3,295,183</u>
 <b>Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	
Major Fund	
Grants Fund - Expenditures	\$ 2,908,098
Nonmajor Funds	
Food Service Fund - Federal Revenues	387,085
	<u>\$ 3,295,183</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, 2023

### **Financial Statements**

The type of auditor's report issued – Unmodified.

Internal control over financial reporting:

- Were material weaknesses identified? – No.
- Were significant deficiencies identified? – No.
- Was noncompliance material to financial statements noted? – No.

### **Federal Awards**

Internal control over major programs:

- Were material weaknesses identified? – No.
- Were significant deficiencies identified? – No.

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

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

Identification of major programs:

- ALN # 84.425 – COVID-19 – Education Stabilization Fund

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

Auditee qualified as a low-risk auditee – Yes.

# SHAKER REGIONAL SCHOOL DISTRICT

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## Schedule of Findings and Questioned Costs 2 - Financial Statement Findings June 30, 2023

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, 2023

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.