

**DRESDEN SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

**DRESDEN SCHOOL DISTRICT**  
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# PLODZIK & SANDERSON

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

To the Members of the School Board  
Dresden School District  
Hanover, New Hampshire

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

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dresden School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Dresden School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 Dresden School District, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the major general fund 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 (GAAS). 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 Dresden 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.

#### ***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note 2-C to the financial statements, in the year ending June 30, 2023, the School District adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

The Dresden School District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Dresden 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

In performing an audit in accordance with generally accepted 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 Dresden 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 Dresden 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 following be presented to supplement the basic financial statements:

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

Such information is the responsibility of management and, 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 Dresden School District's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

## DRESDEN SCHOOL DISTRICT

### Management's Discussion And Analysis (MD&A) of the Annual Financial Report For The Year Ended June 30, 2023

The Superintendent of Schools and Business Administrator of School Administrative Unit (SAU) #70, as management of the Dresden School District (the District), offer readers of the District's annual financial statements this narrative discussion and analysis of the financial activities of the District for the fiscal year which ended June 30, 2023. This discussion and analysis is prepared in accordance with the provisions of the Governmental Accounting Standards Board Statement 34 (GASB 34). We encourage readers to consider the information presented here in conjunction with additional information found within the body of the annual audit.

### FINANCIAL HIGHLIGHTS

The District's total net position for the year ending June 30, 2023, was \$13,910,037. Net position increased by \$308,707 or 2.27% between July 1, 2022 and June 30, 2023. The District's total net position consisted of \$30,186,998 in capital assets net of debt, \$1,907,416 restricted net position, and (\$18,184,377), in unrestricted net position. The District's long-term obligations of \$23,810,788 consisted of \$4,800,686 in general obligation bonds and notes, \$44,721 in unamortized bond premium, \$149,010 in compensated absences, and \$13,450,581 in pension related liabilities and \$5,365,790 in other postemployment benefits.

During the year, the District's combined expenses of \$33,104,433 were \$308,707 less than its revenues of \$33,413,140. Governmental expenditure activities include unallocated depreciation in the amount of \$1,400,005. Revenues consisted of: charges for services/tuition; operating grants and contributions; capital grants and contributions, and general revenues (which consist of local and state property tax assessments, state and federal grants, and miscellaneous amounts).

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's annual financial report, which consists of basic financial statements, notes and related financial and compliance information. The District's annual financial report consists of four elements: 1) government-wide financial statements; 2) fund financial statements; 3) notes to the financial statements; and 4) required supplementary information, including this discussion and analysis. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

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

#### *Government-Wide Financial Statements*

The government-wide financial statements show functions of the District that are principally supported by property taxes and intergovernmental revenues as Governmental Activities.

Intergovernmental revenues include local, state and federal monies. The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Taxes and intergovernmental revenues also support fixed assets and related debt.

### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund definitions are part of a uniform accounting system and chart of accounts mandated by the state and federal governments for all school districts. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A detailed statement of financial activity is reported annually to the State of New Hampshire through its annual MS-25 and DOE-25 reports.

All of the funds of the District are divided into two categories: governmental funds and fiduciary funds. The General Fund, High School Food Service Fund and Athletic Fields Funds comprise the major governmental funds, while four Special Revenue Funds and one capital project fund are consolidated as non-major governmental funds. The non-major funds are the Richmond Middle School Food Service Fund, Grants Fund, March Intensive Fund, Special Gifts Fund, Student Activities, Cable Drop Project and the Fields Upgrade Project are a blended Capital Projects Fund. General Fund revenues and expenditures are compared to budget in the Budgetary Comparison Exhibit D. The non-major funds can be reviewed in Schedules 4 and 5. Fiduciary funds are private-purpose trust funds, which are used to benefit outside parties and cannot be used to support any of the District's own programs.

### ***Notes To The Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### ***Change in Net Position***

The government-wide financial statements—the Statement of Net Position (Exhibit A) and Statement of Activities (Exhibit B) provide a comprehensive summary of governmental activities. The Statement of Net Position may serve, over time, as a useful indicator of a government's financial position. As of June 30, 2023, the unrestricted net position of the District totaled (\$18,184,377). The largest portion of the District's net position reflects its investment in capital assets (that is, land and improvements, buildings and improvements, furniture and equipment, and construction in progress) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. Summaries of the capital assets, depreciation and long-term debt obligations can be found in the Notes to Financial Statements. Depreciation is included by accounting convention, thus the depreciated value of a District asset, as reflected in these reports, does not reflect an asset's useful, market or replacement value. Comparative Net Position for the periods ending June 30, 2022 and June 30, 2023 are shown below.

**Dresden School District**  
**Management Discussion and Analysis for the Year Ended June 30, 2023**

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**Comparative Statement of Changes in Net Position**

	2023	2022	Increase (Decrease)
Current assets	\$ 4,305,292	\$ 1,405,133	\$ 2,900,159
Non-current assets	33,313,251	34,123,466	(810,215)
Total assets	37,618,543	35,528,599	2,089,944
Deferred outflows of resources	3,994,844	3,408,546	586,298
Current liabilities	2,894,060	1,727,059	1,167,001
Non-current liabilities	23,810,788	19,503,399	4,307,389
Total liabilities	26,704,848	21,230,458	5,474,390
Deferred inflows of resources	998,502	4,105,357	(3,106,855)
Net Investment in Capital Assets	30,186,998	29,640,925	546,073
Restricted Net Position	1,907,416	228,587	1,678,829
Unrestricted Net Position	(18,184,377)	(16,268,182)	(1,916,195)
Total Net Position	\$ 13,910,037	\$ 13,601,330	\$ 308,707

The School District's negative unrestricted net position is due in part to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires the School District to report their proportionate share of the New Hampshire Retirement System's net pension liability based upon their plan contributions for the year. The New Hampshire Retirement System has a statutory funding schedule whose goal is to reach 100% plan funding by June 30, 2039.

***Statement of Activities***

The Statement of Activities (Exhibit B) provides an important record of overall expenditures and revenues for the fiscal year; it includes transactions from all funds. The District's total expenses were \$33,104,433; total revenues were \$33,413,140, resulting in an increase in net position of \$308,707. The largest share of revenue, \$26,106,610 (78.1% of total revenues), was from assessments from the two member districts. The District's expenditures were largely for instruction (\$19,679,072 or 59.4%) and support services (\$8,924,935 or 26.9%). Additional expenses include Interest on Long-Term Debt (\$2,078,527 or 6.3%), Unallocated Depreciation (\$1,400,005 or 4.2%) and other Non-Instructional Services (\$1,021,894 or 3.1%).

A comparative 2-year report is as follows.



**Dresden School District**  
**Management Discussion and Analysis for the Year Ended June 30, 2023**

**Comparative Statement of Changes in Activities**

	2023	2022	Increase (Decrease)	% Chg
Instruction	\$ 19,679,072	\$ 18,481,132	\$ 1,197,940	6.48%
Support Services				
Student	1,722,959	1,486,951	236,008	15.87%
Instructional Staff	806,963	705,237	101,726	14.42%
General Administration	79,671	63,021	16,650	26.42%
Executive Administration	1,195,093	1,185,413	9,680	0.82%
School Administration	2,378,636	2,189,882	188,754	8.62%
Operation & Maintenance of Plant	2,482,056	2,229,595	252,461	11.32%
Student Transportation	259,557	206,389	53,168	25.76%
Non-Instructional Services	1,021,894	788,650	233,244	29.58%
Interest on Long-Term Debt	2,078,527	1,989,436	89,091	4.48%
Depreciation - Unallocated	1,400,005	1,326,859	73,146	5.51%
Total Expenses	<u>33,104,433</u>	<u>30,652,565</u>	<u>2,451,868</u>	<u>8.00%</u>
<b>Program Revenues</b>				
Charges for Services	4,080,868	5,705,106	(1,624,238)	-28.47%
Operating Grants & Contributions	2,243,392	2,935,439	(692,047)	-23.58%
Capital Grants & Contributions	332,377	348,882	(16,505)	-4.73%
<b>General Revenue</b>				
School District Assessment	26,106,610	21,923,803	4,182,807	19.08%
Unrestricted Investment Income	41,831	4,857	36,974	761.25%
Miscellaneous	608,062	200,625	407,437	203.08%
Total Revenues	<u>33,413,140</u>	<u>31,118,712</u>	<u>2,294,428</u>	<u>7.37%</u>
Change in Net Position	308,707	466,147	(157,440)	-33.77%
Net Position, beginning	13,601,330	13,135,183	466,147	3.55%
Net Position, ending	<u>\$ 13,910,037</u>	<u>\$ 13,601,330</u>	<u>\$ 308,707</u>	<u>2.27%</u>

**FUND FINANCIAL STATEMENTS**

***General Fund***

The Dresden School District governmental funds include the General Fund, High School Food Services, Athletic Fields, Grants Fund, Middle School Food Service, Special Gifts, Student Activity Funds and Capital Project funds. The School District uses separate fund accounting for each of its funds to ensure compliance with finance-related legal requirements. Information from the fund accounting system is essential in managing budgets as the financial year progresses and is useful in assessing financial resource needs for future operation of the schools. The General Fund is what most people think of as “the budget” since it is the focal point of the Annual District Meeting and largely supported by locally raised taxes.

Exhibit D detail general fund activity for FY2023. Budgeted revenues (excluding prior year’s fund balance of \$400,000) and transfers in totaled \$29,395,508, while actual revenues equaled \$29,578,983, a favorable variance of \$183,475. While we still experienced some volatility in tuition income falling short of expectations by (\$40,818), there were some significant favorable receipt results. Interest income came

**Dresden School District**  
**Management Discussion and Analysis for the Year Ended June 30, 2023**

in \$19,559 higher than budgeted; rental income came in \$13,550 higher; prior year expenditure returns [NHIT] were \$75,689 higher; and miscellaneous income \$97,711 higher [includes NHRS refund \$72,171]. At \$26,106,610, assessments from the two member districts comprise 88.3% of general fund revenues.

Against budgeted expenditures of \$29,795,508 and prior year encumbrances of \$60,917 the district expended or encumbered \$29,332,285, leaving \$524,140 (1.8%) unexpended. The most significant budget variances are in "Instructional Programming", under budget by \$543,265; "Support Services-Student," over budget by (\$85,313); "Support Services-Instructional Staff," under budget by \$65,788; "Support Services-General & School Administration," over budget by (\$44,635); "Operation and Maintenance of Plant," under budget by \$23,703 and "Student Transportation," over budget by (\$6,948). The remaining areas of Debt Service and Facilities Acquisition/Construction under budget by \$17,350.

The cost of direct instruction makes up 57.2% of all general fund expenditures, while Support Services comprise 29.6% of all general fund expenditures. The remaining 13.2% includes debt service, facilities and transfers.

**Other Funds**

Activity for the Grants, Richmond Middle School Food Service, March Intensive, Special Gifts, Student Activities, Cable Drop and Drainage/Turf Field Capital Project Fund are shown on Schedules 4 and 5. Reported fund balances are \$-0-; \$26,060; \$32,396; \$162,202; \$294,124; and (\$4,976) respectively.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

On June 30, 2023, the District reported capital assets of \$33,313,251 (net of accumulated depreciation), on a range of capital assets, including land and improvements, buildings and improvements, vehicles, equipment, and construction work in progress. The district annually invests in new furnishings, computers and peripherals, printed media, music, and athletic equipment.

**Long-Term Debt**

**Statement of Capital Assets**

	June 30, 2023	June 30, 2022	Increase (Decrease)	% Change
<b>Not Being Depreciated:</b>				
Land	\$ 1,880,377	\$ 1,880,377	\$ -	0.00%
Construction in Progress	809,113	661,006	148,107	22.41%
<b>Total Capital Assets Not Being Depreciated</b>	<u>2,689,490</u>	<u>2,541,383</u>	<u>148,107</u>	<u>5.83%</u>
<b>Being Depreciated:</b>				
Land Improvements	10,927,645	10,927,645	-	0.00%
Building and Building Improvements	41,771,748	41,744,361	27,387	0.07%
Machinery, Equipment, and Vehicles	3,658,069	3,183,393	474,676	14.91%
Infrastructure	20,239	20,239	-	0.00%
<b>Total Capital Assets Being Depreciated</b>	<u>56,377,701</u>	<u>55,875,638</u>	<u>54,431,669</u>	<u>0.90%</u>
<b>Total All Capital Assets</b>	<u>59,067,191</u>	<u>58,417,021</u>	<u>54,579,776</u>	<u>1.11%</u>
<b>Less Accumulated Depreciation:</b>				
Land Improvements	(4,041,739)	(3,771,151)	(270,588)	7.18%
Building and Building Improvements	(18,937,310)	(17,956,431)	(980,879)	5.46%
Machinery, Equipment, and Vehicles	(2,760,216)	(2,552,310)	(207,906)	8.15%
Infrastructure	(14,675)	(13,663)	(1,012)	7.41%
<b>Total accumulated depreciation</b>	<u>(25,753,940)</u>	<u>(24,293,555)</u>	<u>(1,460,385)</u>	<u>6.01%</u>
<b>Net Book Value, capital assets being depreciated</b>	<u>30,623,761</u>	<u>31,582,083</u>	<u>(958,322)</u>	<u>-3.03%</u>
<b>Net Book Value, all capital assets</b>	<u>\$ 33,313,251</u>	<u>\$ 34,123,466</u>	<u>\$ (810,215)</u>	<u>-2.37%</u>

**Dresden School District**  
**Management Discussion and Analysis for the Year Ended June 30, 2023**

The district has three general obligation bond issues and three notes outstanding. Two of these were issued for school construction and renovation projects during FY2003 and FY2004. The original principal for each was \$37,775,000 and \$4,000,000 respectively. The third bond was issued in 2007 for additional school improvements for \$2,578,120. The District has three debt issuances, one during the 2019-20 fiscal year for \$900,000 for athletic field construction and upgrades; one during the 2021-22 fiscal year for technology infrastructure upgrades \$441,958 and the most recent in 2022-23 for track and baseball field upgrades \$1,837,000. The first three issues were for twenty-year terms. The fourth issue is for fifteen years, with the intention of paying it off in full in year six, the fifth issue was for a five year term and the sixth issue was for a fifteen year term.

**Long Term Liabilities**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Bonds payable:				
Direct placements	\$ 1,757,650	\$ 3,204,244	\$(1,446,594)	-45.15%
Direct borrowing - Note payable	3,043,036	1,221,958	1,821,078	149.03%
Premium	44,721	81,624	(36,903)	-45.21%
Compensated Absences	149,010	126,845	22,165	17.47%
Net Other Postemployment Benefits	13,450,581	5,114,531	8,336,050	162.99%
Net Pension Liability	5,365,790	9,754,197	(4,388,407)	-44.99%
Total Long-Term Debt Outstanding	<u>\$ 23,810,788</u>	<u>\$ 19,503,399</u>	<u>\$ 4,307,389</u>	<u>22.09%</u>

**FUTURE BUDGETARY IMPLICATIONS**

The residents of Hanover, New Hampshire and Norwich, Vermont have a long history of strong support for the education of their children and for providing sufficient resources for quality education. There is no indication of any change in this support. Nonetheless, funding for education is a matter of concern in view of constantly changing economic conditions. The lack of long-term legislation for education funding in New Hampshire creates an atmosphere of uncertainty and concern over tax rate growth. School policymakers constantly struggle with the challenges of operating the district's programs. With financing systems in both states that struggle to equitably fund education on a long-term basis and impending changes to the funding formula in Vermont, the prospect of rising tax rates is a concern. Increases in the costs of NH retirement system rates, health insurance costs, special education funding, and building as well as system upgrades will present significant budgetary challenges. School administrators are constantly mindful of the financial impact of school budgets on the taxpayer. The school board and administration are committed to continually looking for ways to contain cost increases and to keep budgets as low as possible, while at the same time not compromising services to students. Taxpayers have shown patience in that they have not let taxation issues detract from their financial support of their schools.

**Contacting School District's Financial Management**

Questions regarding this report should be directed to Jay Badams, PhD, Superintendent of Schools or to Jamie Teague, Business Administrator, at (603-643-6050) or by mail at:

Dresden School District  
c/o School Administrative Unit #70  
41 Lebanon Street, Suite 2  
Hanover, New Hampshire 03755

***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**DRESDEN SCHOOL DISTRICT**  
*Statement of Net Position*  
**June 30, 2023**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,602,470
Investments	1,979,687
Accounts receivable	3,002
Intergovernmental receivable	698,490
Prepaid items	21,643
Capital assets, not being depreciated	2,689,490
Capital assets, net of accumulated depreciation	<u>30,623,761</u>
Total assets	<u>37,618,543</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	3,572,600
Amounts related to other postemployment benefits	<u>422,244</u>
Total deferred outflows of resources	<u>3,994,844</u>
<b>LIABILITIES</b>	
Accounts payable	398,731
Intergovernmental payable	1,110,625
Accrued interest payable	1,384,704
Noncurrent obligations:	
Due within one year	1,616,139
Due in more than one year	<u>22,194,649</u>
Total liabilities	<u>26,704,848</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Amounts related to pensions	297,372
Amounts related to other postemployment benefits	<u>701,130</u>
Total deferred inflows of resources	<u>998,502</u>
<b>NET POSITION</b>	
Net investment in capital assets	30,186,998
Restricted	1,907,416
Unrestricted	<u>(18,184,377)</u>
Total net position	<u>\$ 13,910,037</u>

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

**EXHIBIT B**  
**DRESDEN SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2023**

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 19,679,072	\$ 3,094,768	\$ 2,226,392	\$ -	\$(14,357,912)
Support services:					
Student	1,722,959	-	-	-	(1,722,959)
Instructional staff	806,963	-	-	-	(806,963)
General administration	79,671	-	-	-	(79,671)
Executive administration	1,195,093	-	-	-	(1,195,093)
School administration	2,378,636	-	-	-	(2,378,636)
Operation and maintenance of plant	2,482,056	33,550	-	-	(2,448,506)
Student transportation	259,557	118	17,000	-	(242,439)
Noninstructional services	1,021,894	952,432	-	-	(69,462)
Interest on long-term debt	2,078,527	-	-	332,377	(1,746,150)
Depreciation - unallocated	1,400,005	-	-	-	(1,400,005)
Total governmental activities	<u>\$ 33,104,433</u>	<u>\$ 4,080,868</u>	<u>\$ 2,243,392</u>	<u>\$ 332,377</u>	<u>(26,447,796)</u>
General revenues:					
School district assessment					26,106,610
Interest					41,831
Miscellaneous					608,062
Total general revenues					<u>26,756,503</u>
Change in net position					308,707
Net position, beginning					<u>13,601,330</u>
Net position, ending					<u>\$ 13,910,037</u>

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

**EXHIBIT C-1**  
**DRESDEN SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2023**

	General	High School Food Service	Athletic Fields	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,806	\$ 53,024	\$ 1,719,154	\$ 673,795	\$2,447,779
Investments	1,919,482	-	-	60,205	1,979,687
Accounts receivable	3,002	-	-	-	3,002
Intergovernmental receivables	432,670	201,781	-	64,039	698,490
Interfund receivables	272,640	-	-	-	272,640
Prepaid items	149,423	-	-	-	149,423
Total assets	<u>\$ 2,779,023</u>	<u>\$ 254,805</u>	<u>\$ 1,719,154</u>	<u>\$ 798,039</u>	<u>\$5,551,021</u>
<b>LIABILITIES</b>					
Cash deficit	\$ 845,309	\$ -	\$ -	\$ -	\$ 845,309
Accounts payable	110,951	272,187	-	15,593	398,731
Intergovernmental payable	1,110,625	-	-	-	1,110,625
Interfund payable	-	-	-	272,640	272,640
Total liabilities	<u>2,066,885</u>	<u>272,187</u>	<u>-</u>	<u>288,233</u>	<u>2,627,305</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	149,423	-	-	-	149,423
Restricted	-	-	1,719,154	188,262	1,907,416
Committed	-	-	-	32,396	32,396
Assigned	271,221	-	-	294,124	565,345
Unassigned (deficit)	291,494	(17,382)	-	(4,976)	269,136
Total fund balances (deficit)	<u>712,138</u>	<u>(17,382)</u>	<u>1,719,154</u>	<u>509,806</u>	<u>2,923,716</u>
Total liabilities and fund balances	<u>\$ 2,779,023</u>	<u>\$ 254,805</u>	<u>\$ 1,719,154</u>	<u>\$ 798,039</u>	<u>\$5,551,021</u>

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

**EXHIBIT C-2**  
**DRESDEN SCHOOL DISTRICT**  
*Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position*  
*June 30, 2023*

Total fund balances of governmental funds (Exhibit C-1)		\$ 2,923,716
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 59,067,191	
Less accumulated depreciation	<u>(25,753,940)</u>	33,313,251
Pension and other postemployment benefits (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 3,572,600	
Deferred inflows of resources related to pensions	(297,372)	
Deferred outflows of resources related to OPEB	422,244	
Deferred inflows of resources related to OPEB	<u>(701,130)</u>	2,996,342
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (272,640)	
Payables	<u>272,640</u>	-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(1,384,704)
Repayment of long-term liabilities not due until subsequent year are recorded in the governmental funds as prepaid items, but reduce the liability on the government-wide financial statements.		
		(127,780)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds/notes	\$ 4,800,686	
Unamortized bond premium	44,721	
Compensated absences	149,010	
Net pension liability	13,450,581	
Other postemployment benefits	<u>5,365,790</u>	(23,810,788)
Net position of governmental activities (Exhibit A)		<u>\$ 13,910,037</u>

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



**EXHIBIT C-3**  
**DRESDEN SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2023**

	General	High School Food Service	Athletic Fields	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
School district assessment	\$ 26,106,610	\$ -	\$ -	\$ -	\$ 26,106,610
Other local	3,104,858	700,149	-	934,272	4,739,279
State	368,495	-	-	-	368,495
Federal	-	-	-	388,244	388,244
Total revenues	<u>29,579,963</u>	<u>700,149</u>	<u>-</u>	<u>1,322,516</u>	<u>31,602,628</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	17,156,995	-	-	1,066,426	18,223,421
Support services:					
Student	1,709,923	-	-	-	1,709,923
Instructional staff	806,170	-	-	-	806,170
General administration	79,671	-	-	-	79,671
Executive administration	1,195,093	-	-	-	1,195,093
School administration	2,351,450	-	-	-	2,351,450
Operation and maintenance of plant	2,276,784	-	-	-	2,276,784
Student transportation	259,557	-	-	-	259,557
Noninstructional services	-	772,660	-	248,678	1,021,338
Debt service:					
Principal	1,590,296	-	-	-	1,590,296
Interest	2,029,314	-	-	-	2,029,314
Facilities acquisition and construction	184,790	-	117,846	30,261	332,897
Total expenditures	<u>29,640,043</u>	<u>772,660</u>	<u>117,846</u>	<u>1,345,365</u>	<u>31,875,914</u>
Deficiency of revenues under expenditures	<u>(60,080)</u>	<u>(72,511)</u>	<u>(117,846)</u>	<u>(22,849)</u>	<u>(273,286)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	55,129	-	20,818	75,947
Transfers out	(75,947)	-	-	-	(75,947)
Note issued	383,340	-	1,837,000	-	2,220,340
Total other financing sources (uses)	<u>307,393</u>	<u>55,129</u>	<u>1,837,000</u>	<u>20,818</u>	<u>2,220,340</u>
Net change in fund balances	247,313	(17,382)	1,719,154	(2,031)	1,947,054
Fund balances, beginning	464,825	-	-	511,837	976,662
Fund balances (deficit), ending	<u>\$ 712,138</u>	<u>\$ (17,382)</u>	<u>\$ 1,719,154</u>	<u>\$ 509,806</u>	<u>\$ 2,923,716</u>

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

**EXHIBIT C-4**  
**DRESDEN SCHOOL DISTRICT**  
*Reconciliation of the Statement of Revenues, Expenditures, and*  
*Changes in Fund Balances - Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2023*

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ 1,947,054
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 650,170	
Depreciation expense	<u>(1,460,385)</u>	(810,215)
On-behalf contributions by the State of Vermont to the Vermont State Teachers' Retirement System to cover the School District's share of the expense.		
Contributions related to pension liability	\$ 1,492,179	
Pension expense	<u>(1,492,179)</u>	
Contributions related to other postemployment benefits liability	318,333	
Other postemployment benefits expense	<u>(318,333)</u>	-
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (75,947)	
Transfers out	<u>75,947</u>	-
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Neither transaction, however, has any effect on net position.		
Issuance of note	\$ (2,220,340)	
Principal repayment of bonds/notes	1,845,856	
Amortization of bond premium	<u>36,903</u>	(337,581)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$ (86,116)	
Increase in prepaid debt	(127,780)	
Increase in compensated absences payable	(22,165)	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	(121,973)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(132,517)</u>	(490,551)
Change in net position of governmental activities (Exhibit B)		<u>\$ 308,707</u>

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

**EXHIBIT D**  
**DRESDEN SCHOOL DISTRICT**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual (Non-GAAP Budgetary Basis)*  
**General Fund**  
**For the Fiscal Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
School district assessment	\$ 26,106,610	\$ 26,106,610	\$ 26,106,610	\$ -
Other local	2,927,821	2,927,821	3,103,878	176,057
State	361,077	361,077	368,495	7,418
Total revenues	<u>29,395,508</u>	<u>29,395,508</u>	<u>29,578,983</u>	<u>183,475</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	17,355,869	17,292,983	16,749,718	543,265
Support services:				
Student	1,625,510	1,624,520	1,709,833	(85,313)
Instructional staff	836,659	866,658	800,870	65,788
General administration	65,718	65,718	79,671	(13,953)
Executive administration	1,195,093	1,195,093	1,195,093	-
School administration	2,324,794	2,320,768	2,351,450	(30,682)
Operation and maintenance of plant	2,255,827	2,295,172	2,271,469	23,703
Student transportation	261,551	252,609	259,557	(6,948)
Debt service:				
Principal	2,026,914	1,590,296	1,590,296	-
Interest	1,592,873	2,029,491	2,029,314	177
Facilities acquisition and construction	175,500	175,500	158,150	17,350
Total expenditures	<u>29,716,308</u>	<u>29,708,808</u>	<u>29,195,421</u>	<u>513,387</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(320,800)</u>	<u>(313,300)</u>	<u>383,562</u>	<u>696,862</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(79,200)</u>	<u>(86,700)</u>	<u>(75,947)</u>	<u>10,753</u>
Net change in fund balance	<u>\$ (400,000)</u>	<u>\$ (400,000)</u>	307,615	<u>\$ 707,615</u>
Increase in nonspendable fund balance			(123,411)	
Increase in assigned fund balance (non-encumbrances)			(231,792)	
Unassigned fund balance, beginning			339,082	
Unassigned fund balance, ending			<u>\$ 291,494</u>	

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

**EXHIBIT E-1**  
**DRESDEN SCHOOL DISTRICT**  
**Fiduciary Fund**  
**Statement of Fiduciary Net Position**  
**June 30, 2023**

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	Private Purpose Trust
<b>ASSETS</b>	
Intergovernmental receivable	<u>\$ 42,365</u>
<b>NET POSITION</b>	
Restricted	<u>\$ 42,365</u>

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

**EXHIBIT E-2**  
**DRESDEN SCHOOL DISTRICT**  
**Fiduciary Fund**  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended June 30, 2023**

	Private Purpose Trust
<b>ADDITIONS</b>	
Change in fair market value	\$(8,153)
Investment earnings	5,452
Total additions	(2,701)
<b>DEDUCTIONS</b>	
Benefits paid	400
Administrative expenses	409
Total deductions	809
Change in net position	(3,510)
Net position, beginning	45,875
Net position, ending	\$42,365

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

**DRESDEN SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

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**DRESDEN SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

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**DRESDEN SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

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

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

**1-A Reporting Entity**

The Dresden School District is a municipal corporation governed by an elected 12-member School Board. In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by GASB Statement No. 14 (as amended). The School District has no component units to include in its reporting entity.

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

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

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

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

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

**Fund Financial Statements** – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds and are presented in the other governmental column of the fund financial statements.

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

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

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

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



**DRESDEN SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. District assessments, intergovernmental revenue, and other local sources associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

The School District reports the following major governmental funds:

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

**High School Food Service** – accounts for the operation of the High School’s food service program.

**Athletic Fields** – accounts for the activity related to the rebuilding of the Dresden fields and Hanover High School baseball field including drainage upgrades.

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

**Fiduciary Fund Financial Statements** – Fiduciary fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. These funds account for resources held by the School District for the benefit of other parties and include the private purpose trust funds. Fiduciary funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting.

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

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

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

### ***1-E Investments***

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the School District to invest in the following type of obligations:

- Obligations of the United States government;

**DRESDEN SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

- The public deposit investment pool established pursuant to RSA 383:22;
- Savings bank deposits; and
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

Any person who directly or indirectly receives any such funds or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the School District. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

**Fair Value Measurement of Investments** – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using the net asset value (NAV) as a practical expedient to estimate fair value, the School District categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

**Level 1** – Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets. A quoted price for an identical asset or liability in an active market (e.g., an equity security traded on a major exchange) provides the most reliable fair value measurement and, if available, should be used to measure the fair value in that particular market.

**Level 2** – The categorization of an asset/liability as Level 1 requires that it be traded in an active market. If an instrument is not traded in an active market, it may fall to Level 2. Level 2 inputs are inputs that are observable, either directly or indirectly, but do not qualify as Level 1.

**Level 3** – Reporting entities may use unobservable inputs to measure fair value if relevant observable inputs are not available, thereby allowing for situations in which there is little, if any market activity for the asset or liability at the measurement date. These unobservable inputs are considered Level 3.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level of the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the School District and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified as Level 1. Corporate fixed income securities and certain government securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair value for shares in registered mutual funds and exchange traded funds are based on published share prices and classified in Level 1.

**Investments in Certain External Investment Pools** – In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the School District held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the School District in accordance with the NHPDIP's information statement.

### ***1-F Receivables***

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

### ***1-G Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and expensed as the items are used.

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**1-H Capital Assets**

Capital assets are reported in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

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

<b>Capital Asset Class:</b>	<u>Years</u>
Land improvements	20 - 40
Buildings and building improvements	10 - 40
Machinery, equipment, and vehicles	4 - 15
Infrastructure	20

**1-I Interfund Activities**

Interfund activities are reported as follows:

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

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

**1-J Accounts Payable**

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2023.

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

**Deferred outflows of resources**, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until that time. The School has two items that qualify for reporting in this category. Deferred outflows related to pensions and deferred outflows related to OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

**Deferred inflows of resources**, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. The School has two types of items which qualify for reporting in this category. Deferred inflows of resources related to pensions and OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

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***1-L Long-term Obligations***

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

In the fund financial statements, governmental fund types of report bond premiums, and bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

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

**Direct Borrowings** – financial transactions for a note or a loan where the School District negotiates certain terms with a single lender and are not offered for public sale.

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

***1-M Compensated Absences***

General leave for the School District includes vacation pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon retirement or termination, employees are paid full value for any accrued general leave earned up to 20 days, as set forth by the School District's personnel policy.

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

***1-N Defined Benefit Pension Plan***

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

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

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

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

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

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

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**Vermont State Teachers' Retirement System Plan (VSTRS)** – The School District is a member of the VSTRS, a cost-sharing multiple employer OPEB plan with special funding situation as defined in GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The State of Vermont is the sole contributor to the plan and is considered a nonemployer contributing entity. Employer contributions are required by statute to be made by the State on behalf of member employers. Since the School District does not contribute directly to VSTRS, there is no net OPEB liability, deferred inflows of resources, or deferred outflows of resources to report in the School District's financial statements. The School District does disclose their portion of the State's total proportionate share of the collective net OPEB liability, deferred outflows of resources, and deferred inflows of resources as noted in Note 12-B. The School District recognizes OPEB expense and revenue equal to the amount of the State's total proportionate share of the collective OPEB expense associated with the School District.

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

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

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

**Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other debt attributable to the acquisition, construction, or improvement of those assets.

**Restricted Net Position** – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The School District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future period.

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

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

**Nonspendable** – Amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

**Restricted** – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (School District Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

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

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

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

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In accordance with RSA 198:4-bII, *Contingency Fund*, the School District voted to retain general fund unassigned fund balance of \$269,415, to be used for emergency expenditures, or to use as a revenue source to reduce the tax rate.

**1-Q Use of Estimates**

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

**1-R Material Change in Classification**

The accompanying financial statements reflect a change in classification from the prior year. Specifically, the grants fund which accounts for the resources received from various federal agencies and the student activity fund which accounts for monies used to support co-curricular and extra-curricular student activities did not qualify as major funds for the current fiscal year. As such they were reclassified to the nonmajor governmental funds.

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

**2-A Budgetary Information**

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

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2023, \$400,000 of the beginning general fund unassigned fund balance was applied for this purpose.

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

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

Revenues:		
Per Exhibit D (budgetary basis)	\$	29,578,983
Adjustments:		
Basis differences:		
Proceeds from finance purchase		383,340
GASB Statement No. 54:		
Other local revenue of the blended student activity fund		980
Per Exhibit C-3 (GAAP Basis)	\$	29,963,303
		<u>980</u>
		<u>\$ 29,963,303</u>
		<i>(Continued)</i>

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*Budgetary reconciliation to GAAP basis continued:*

Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 29,271,368
Adjustments:	
Basis differences:	
Encumbrances, beginning	60,917
Finance purchase expenditure	383,340
GASB Statement No. 54:	
Expenditures of the blended student activity fund	365
Per Exhibit C-3 (GAAP basis)	\$ 29,715,990

**2-C Deficit Fund Balance**

The high school food service fund had a fund balance deficit of \$17,382 and the cable drop fund had a deficit of \$4,976 at June 30, 2023. The School District plans to transfer funds from the general fund or use future revenues to cover this deficit in 2023-24.

**2-D Accounting Change**

Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, was implemented during fiscal year 2023. The objective of this Statement is to better meet information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirement for subscription-based information technology arrangements (SBITAs); (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription assets (an intangible asset), and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards of SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. The School District has assessed all potential agreements that may be applicable for reporting under GASB Statement No. 96 and have determined that none of the agreements have met the requirements of the pronouncement.

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

At June 30, 2023, the reported amount of the School District’s deposits was \$1,602,470 and the bank balance was \$4,095,025. Of the bank balance \$4,032,240 was covered by Federal Depository Insurance Corporation (FDIC) or by collateral held by the pledging bank in the School District’s name, and \$62,785 of the High School Student Activity Funds was uninsured and uncollateralized. Petty cash totaled \$600.

**NOTE 4 – INVESTMENTS**

Note 1-E describes statutory requirements covering the investment of the School District funds. The School District holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the School District’s mission, the School District determines that the disclosures related to these investments only need to be disaggregated by major type. The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The School District’s investments of \$1,979,687 consist of balances in the New Hampshire Public Deposit Investment Pool and are classified as level 2 investments in the fair value hierarchy.

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**NOTE 5 – RECEIVABLES**

Receivables at June 30, 2023, consisted of accounts and intergovernmental amounts arising from tuition, other miscellaneous amounts and grants. Receivables are recorded on the School District’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

**NOTE 6 – PREPAID ITEMS**

Prepaid items at June 30, 2023, consisted of the following:

	Governmental Activities	General Fund
Computer lease	\$ -	\$ 127,780
Miscellaneous	21,643	21,643
Total prepaid items	\$ 21,643	\$ 149,423

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023, consisted of the following:

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Land	\$ 1,880,377	\$ -	\$ 1,880,377
Construction in progress	661,006	148,107	809,113
Total capital assets not being depreciated	2,541,383	148,107	2,689,490
Being depreciated:			
Land improvements	10,927,645	-	10,927,645
Buildings and building improvements	41,744,361	27,387	41,771,748
Machinery, equipment, and vehicles	3,183,393	474,676	3,658,069
Infrastructure	20,239	-	20,239
Total capital assets being depreciated	55,875,638	502,063	56,377,701
Total capital assets	58,417,021	650,170	59,067,191
Less accumulated depreciation:			
Land improvements	(3,771,151)	(270,588)	(4,041,739)
Buildings and building improvements	(17,956,431)	(980,879)	(18,937,310)
Machinery, equipment, and vehicles	(2,552,310)	(207,906)	(2,760,216)
Infrastructure	(13,663)	(1,012)	(14,675)
Total accumulated depreciation	(24,293,555)	(1,460,385)	(25,753,940)
Net book value, capital assets being depreciated	31,582,083	(958,322)	30,623,761
Net book value, all capital assets	\$ 34,123,466	\$ (810,215)	\$ 33,313,251

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

Instruction	\$ 54,413
Support services:	
Operation and maintenance of plant	5,967
Unallocated	1,400,005
Total depreciation expense	\$ 1,460,385



**DRESDEN SCHOOL DISTRICT**  
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**NOTE 8 – INTERFUND BALANCES AND TRANSFERS**

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2023, are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor funds	\$ 272,640

Interfund transfers during the year ended June 30, 2023 are as follows:

	Transfers In:		
	High School Food Service Fund	Nonmajor Funds	Total
Transfers out:			
General fund	\$ 55,129	\$ 20,818	\$ 75,947

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

**NOTE 9 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments of \$1,110,625 at June 30, 2023, consist of the following:

Balance due to the Hartford School District	\$ 64,025
Balance due to the Hanover School District	675,233
Balance due to the Norwich School District	371,287
Balance due to the Town of Hanover	80
Total intergovernmental payables due	\$ 1,110,625

**NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources at June 30, 2023, consist of the following:

	Governmental Activities
Amounts related to pensions, see Note 12	\$ 3,572,600
Amounts related to OPEB, see Note 14	422,244
Total deferred outflows of resources	\$ 3,994,844

Deferred inflows of resources at June 30, 2023, consist of the following:

	Governmental Activities
Amounts related to pensions, see Note 12	\$ 297,372
Amounts related to OPEB, see Note 14	701,130
Total deferred inflows of resources	\$ 998,502

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**NOTE 11 – LONG-TERM LIABILITIES**

Changes in the School District’s long-term liabilities consisted of the following for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year	Due In More Than One Year
Bonds payable:						
Direct placements	\$ 3,204,244	\$ -	\$ (1,446,594)	\$ 1,757,650	\$ 1,378,130	\$ 379,520
Direct borrowings - Notes payable	1,221,958	2,220,340	(399,262)	3,043,036	201,106	2,841,930
Premium	81,624	-	(36,903)	44,721	36,903	7,818
Total bonds payable	4,507,826	2,220,340	(1,882,759)	4,845,407	1,616,139	3,229,268
Compensated absences	126,845	22,165	-	149,010	-	149,010
Pension related liability	9,754,197	3,696,384	-	13,450,581	-	13,450,581
Net other postemployment benefits	5,114,531	251,259	-	5,365,790	-	5,365,790
Total long-term liabilities	<u>\$ 19,503,399</u>	<u>\$ 6,190,148</u>	<u>\$ (1,882,759)</u>	<u>\$ 23,810,788</u>	<u>\$ 1,616,139</u>	<u>\$ 22,194,649</u>

Long-term bonds/notes are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2023
Bonds payable:					
Direct placements:					
School improvements	\$ 37,775,000	2003	2024	4.62%	\$ 1,152,540
School construction	\$ 4,000,000	2004	2025	4.47%	258,971
School improvements	\$ 2,526,000	2007	2027	4.08%	346,139
Total direct placements					<u>\$ 1,757,650</u>
Notes payable:					
Direct borrowings:					
Turf field	\$ 900,000	2020	2035	2.80%	\$ 720,000
Cable drop	\$ 441,958	2022	2026	2.50%	358,255
Athletic fields	\$ 1,837,000	2023	2038	2.55%	1,837,000
MAC lease	\$ 383,340	2023	2025	0.00%	127,781
Total direct borrowings					<u>\$ 3,043,036</u>

The annual requirements to amortize all general obligation bonds/notes outstanding as of June 30, 2023, including interest payments, are as follows:

Fiscal Year Ending June 30,	Bonds - Direct Placements			Notes - Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,378,130	\$ 2,068,263	\$ 3,446,393	\$ 201,106	\$ 71,150	\$ 272,256
2025	214,918	286,032	500,950	388,227	69,311	457,538
2026	83,443	105,957	189,400	265,677	62,401	328,078
2027	81,159	111,240	192,399	270,896	55,503	326,399
2028	-	-	-	181,011	48,472	229,483
2029-2033	-	-	-	953,100	169,113	1,122,213
2034-2035	-	-	-	783,019	46,316	829,335
Totals	<u>\$ 1,757,650</u>	<u>\$ 2,571,492</u>	<u>\$ 4,329,142</u>	<u>\$ 3,043,036</u>	<u>\$ 522,266</u>	<u>\$ 3,565,302</u>

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

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**Bonds/Notes Authorized and Unissued** – Bonds and notes authorized and unissued as of June 30, 2023, were as follows:

Per District Meeting Vote of	Purpose	Unissued Amount
March 4, 2014	Fieldwork at Dresden fields	\$ 225,000
March 2 2021	Technology infrastructure upgrades	400,806
		\$ 625,806

**NOTE 12 – DEFINED BENEFIT PENSION PLAN**

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

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

**Benefits Provided** – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

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

Years of Creditable Service as of 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

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

**Contributions** – The System is financed by contributions from both the employees and the School District. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. For fiscal year 2023, the School District contributed 19.48% for teachers and 13.75% for other employees. The contribution requirement for the fiscal year 2023 was \$1,355,602, which was paid in full.

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**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At June 30, 2023, the School District reported a liability of \$13,450,581 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 June 30, 2021. The School District’s proportion of the net pension liability was based on a projection of the School District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2022, the School District’s proportion was 0.23% which was an increase of 0.01% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized pension expense of \$1,480,662. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 739,332	\$ 245,737
Net difference between projected and actual investment earnings on pension plan investments	509,760	-
Changes in assumptions	715,463	-
Differences between expected and actual experience	252,443	51,635
Contributions subsequent to the measurement date	1,355,602	-
Total	\$3,572,600	\$ 297,372

The \$1,355,602 reported as deferred outflows of resources related to pensions results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2023	\$ 598,701
2024	625,304
2025	(135,550)
2026	831,171
Thereafter	-
Totals	\$1,919,626

**Actuarial Assumptions** – The collective total pension liability was determined by an actuarial performed as of June 30, 2021, rolled forward to June 30, 2022, using the following assumptions:

- Inflation: 2.0% per year
- Wage inflation: 2.75% per year (2.25% for Teachers)
- Salary increases: 5.4% average, including inflation
- Investment rate of return: 6.75% net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

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

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Following is a table presenting target allocations and long-term rates of return for 2021:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	20.00%	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	3.60%
Inflation	0.00%	2.25%
Total	100.00%	7.30%

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

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	\$ 18,047,288	\$ 13,450,581	\$ 9,628,844

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

**12-B Vermont State Teachers’ Retirement System (VSTRS)**

**Plan Description** – The Vermont State Teachers’ Retirement System (VSTRS) is a cost-sharing, multi-employer defined benefit plan with a special funding situation. It covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered in classes is a condition of employment. During the year ended June 30, 2022, the plan consisted of 134 participating employers.

The plan was created in 1947, and is governed by Title 16, V.S.A. Chapter 55. Management of the plan is vested in the VSTRS Board of Trustees, which consists of the Secretary of Education (ex-officio); the State Treasurer (ex-officio); the Commissioner of Financial Regulation (ex-officio); two trustees and one alternate who are members of the system (each elected by the system under rules adopted by the Board) and one trustee and one alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont).

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The Pension Plan is divided into the following membership groups:

- Group A – for public school teachers employed within the State of Vermont prior to July 1, 1981, and elected to remain in Group A.
- Groups C – for public school teachers employed within the State of Vermont on or after July 1, 1990, or hired before July 1, 1990, and were a member of Group B at that time.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service, and are summarized below:

<u>VSTRS</u>	<u>Group A</u>	<u>Group C - Group #1*</u>	<u>Group C - Group #2++</u>
Normal service retirement eligibility (no reduction)	Age 60 or with 30 years of service	Age 62 or with 30 years of service	Age 65 or when the sum of age and service equals 90
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave, and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Benefit formula - normal service retirement	1.67% x creditable service x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 6/30/90 X AFC + 1.67% x service after 7/1/90 x AFC after attaining 20 years
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement, minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%; minimum of 1% after 12 months of normal retirement age 65
<u>VSTRS</u>	<u>Group A</u>	<u>Group C - Group #1*</u>	<u>Group C - Group #2++</u>
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction
Disability Benefit	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently

\*Group #1 are members who were within 5 years of normal retirement (age 62 or 30 years of service) on June 30, 2010.  
 ++ Group #2 are members who were less than 57 years of age or had less than 25 years of service on June 30, 2010.

Members of all groups may qualify for vested deferred allowance, disability allowances, and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC and service.

**Contributions** - Title 16, V.S.A. Chapter 55 of Vermont Statutes grants the authority to the Board of Trustees of the VSTRS to annually review the amount of State Contributions recommended by the actuary of the VSTRS in order to achieve and preserve the financial integrity of the fund and submit this recommendation to the Governor and both houses of the Legislature. Nonemployer contribution rates for each group varies based on actuarial recommendations. Contribution requirements for the Vermont Teachers' Retirement System were 5.0% of gross salary from employees only (no employer contribution; State contributes 100% of employer portion based on actuarial recommendation) with the State contributing \$2,333,912 for the fiscal year ended June 30, 2023.

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**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**  
- 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 School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. For the year ended June 30, 2023, the School District recorded pension expense of \$1,492,179 which has also been recognized as both a pension expense and intergovernmental revenue on the Statement of Activities. At June 30, 2022, the School District's proportion was 0.74% which was a decrease of 0.11% in its proportion measured as of June 30, 2021.

At June 30, 2023, the School District disclosed a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the School District. The State's portion of the collective net pension liability that was associated with the District was \$14,304,441.

At June 30, 2023, the School District disclosed deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 132,352	\$ 1,588,221
Net difference between projected and actual investment earnings on pension plan investments	895,041	-
Changes in assumptions	576,625	-
Differences between expected and actual experience	819,947	-
Total	\$ 2,423,965	\$ 1,588,221

Amounts disclosed as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2023	\$ 642,326
2024	16,664
2025	(69,935)
2026	489,351
2027	(242,662)
Thereafter	-
Totals	\$ 835,744

**Actuarial Assumptions:** The total pension liability for the June 30, 2020, measurement date was determined by rolling forward the total pension liability as of June 30, 2021, to June 30, 2022. The total pension liability was calculated using the following actuarial assumptions:

Investment rate of return	7.00% net of pension plan investment expense, including inflation
Inflation	2.30% per year
Salary increases	Ranging from 3.30% to 10.50%
Cost of Living Adjustment	2.40% for Group A members 1.35% for Group C members
Mortality rates	Pre-Retirement: PubT-2010 Teacher Employee Table with generational projections using scale MP-2019.
Retiree Healthy	Post-Retirement PubT-2010 Teacher Healthy Retiree Table with generational projection using scale MP-2019.

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Beneficiary Healthy	Post-Retirement 109% of the Pub-2010 Contingent Survivor Table with generational projection using scale MP-2019.
Disabled Post-Retirement	PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

**Long-term Rates of Return** – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Passive Global Equity	24.00%	4.30%
Active Global Equity	5.00%	4.30%
U.S. Equity - Large Cap	4.00%	3.25%
U.S. Equity - Small/Mid Cap	3.00%	3.75%
Non-U.S. Developed Market I	7.00%	5.00%
Private Equity	10.00%	6.50%
Emerging Markets Debt	4.00%	3.50%
Private & Alternative Credit	10.00%	4.75%
Non-Core Real Estate	4.00%	6.00%
Core Fixed Income	19.00%	0.00%
Core Real Estate	3.00%	3.50%
U.S. TIPS	3.00%	-0.50%
Infrastructure/Farmland	4.00%	4.25%
Total	100.00%	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.00%. In accordance with paragraph 29 of GASB Statement No. 68, professional judgment was applied to determine that they System’s projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at rates set by the Board, which exceed the actuarially determined contribution rate. The actuarially determined contribution rate is comprised of an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following table presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 7.00% as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate.

Actuarial Valuation Date	1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
June 30, 2022	\$18,210,888	\$ 14,304,441	\$11,058,892

**Special Funding Situation** – The employer contributions for member employers are required by statute to be made by the State of Vermont on behalf of those member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB Statement No. 68 and the State of Vermont is treated as a nonemployer contributing entity in VSTRS. Since the member employers do not contribute directly to VSTRS, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the participating employers.



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

**NOTE 13 – SUPPLEMENTAL RETIREMENT PLAN**

All employees employed by the School District participate in a defined contribution pension plan administered by the Omni Group, Inc. Participation begins immediately upon employment. The School District has no requirement or obligation under State Statutes to contribute to this plan, however the School District has adopted the Supplemental Retirement Plan 403(b) for its employees. The School Board has the authority to establish and amend the benefit provisions and contribution requirements of the plan. The School District contributes between 2-4% of each employee’s salary and all amounts contributed are vested immediately. Also, employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022, were \$1,345,170 which consisted of \$285,998 from the School District and \$1,059,172 from employees.

**NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

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

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2022 Comprehensive Annual Financial Report, which can be found on the system’s website at [www.nhrs.org](http://www.nhrs.org).

**Benefits Provided** – Benefit amounts and eligibility requirements for the OPEB Plan are set by State law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers, and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

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

Maximum medical subsidy rates paid during fiscal year 2022 were as follows:

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

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

**Contributions** – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2022, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2023, the School District contributed 1.54% for teachers and 0.31% for other employees. The contribution requirement for the fiscal year 2023 was \$84,942, which was paid in full.

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**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – At June 30, 2023, the School District reported a liability of \$762,694 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The School District’s proportion of the net OPEB liability was based on a projection of the School District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2022, the School District’s proportion was 0.20% which was an increase of 0.02% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized OPEB expense of \$100,952. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 2,084	\$ -
Contributions subsequent to the measurement date	84,942	-
Total	\$ 87,026	\$ -

The \$84,942 reported as deferred outflows of resources related to OPEB results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2023	\$ 346
2024	90
2025	(820)
2026	2,468
Thereafter	-
Totals	\$ 2,084

**Actuarial Assumptions** – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2021, and a measurement date of June 30, 2022. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:	2.0% per year
Wage inflation:	2.75% per year (2.25% for Teachers)
Salary increases:	5.4% average, including inflation
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation
Health care trend rate:	Not applicable, given that the benefits are fixed stipends

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 were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

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

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Following is a table presenting target allocations and long-term rates of return for 2022:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	20.00%	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	
Inflation	0.00%	2.25%
Total	100.00%	7.30%

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2022, was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

**Sensitivity of the School District’s Proportionate Share of the OPEB Liability to Changes in the Discount Rate** – The following table presents the School District’s proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the School District’s proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	\$ 828,034	\$ 762,694	\$ 705,788

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

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

**14-B Vermont State Teachers’ Retirement System (VSTRS)**

**Plan Description** - The Vermont State Teachers' Retirement System (VSTRS or the System) provides postemployment benefits to eligible VSTRS employees who retire from the System through a cost-sharing, multiple-employer postemployment benefit (OPEB) plan (the Plan).

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2022, the plan consisted of 134 participating employers. Vermont Statute Title 16 Chapter 55 assigns the authority to VSTRS to establish and amend the benefits provisions of the Plan and to establish maximum obligations of the Plan members to contribute to the Plan. Management of the Plan is vested in the Vermont State Teachers' Retirement System Board of Trustees, which consists of the Secretary of Education (es-officio); the State Treasurer (ex-officio); the Commissioner of Financial Regulation (ex-officio); two

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trustees and one alternate who are members of the system (each elected by the system under rules adopted by the Board) and one trustee and one alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont). VSTRS retirees and their spouses are eligible for health coverage if the retiree is eligible for OPEB benefits. OPEB eligibility requirements are as follows:

- Group A - Public school teachers employed within the State of Vermont prior to July 1, 1981, and elected to remain in Group A.
  - Retirement: Attainment of 30 years of creditable service, or age 55
- Group C - Public school teachers employed within the State of Vermont on or after July 1, 1990. Teachers hired before July 1, 1990 and were a member of Group B at that time.
  - Retirement: Attainment of age 65, or age plus creditable service equal to 90, or age 55 with 5 years of creditable service.

All assets of the Plan are held in a single trust and are available to pay OPEB benefits to all members.

**Contributions** - The State of Vermont, as a non-employer contributing entity makes 100% of the contributions to the VSTRS, there are no employee or employer contributions. Contributions are actuarially determined, but the State has elected to appropriate State contributions to fund current year retiree health expenses on a pay-as-you-go basis.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – At June 30, 2023, the School District disclosed a liability of \$4,869,227 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. For the year ended June 30, 2023, the School District recorded OPEB expense of \$318,333, which has been recognized as both an OPEB expense and intergovernmental revenue on the Statement of Activities.

At June 30, 2023, the School District disclosed deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 283,085	\$ 1,086,863
Changes in assumptions	406,571	3,455,746
Differences between expected and actual experience	331,047	-
Difference between projected and actual investment earnings	13,308	-
Total	\$ 1,034,011	\$ 4,542,609

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

Fiscal Year Ending June 30,	
2023	\$ (415,193)
2024	(655,401)
2025	(699,113)
2026	(700,147)
2027	(777,981)
Thereafter	(260,763)
Totals	\$ (3,508,598)

**Actuarial Assumptions** The net OPEB liability was measured as of June 30, 2022. The total OPEB liability was determined from an actuarial valuation using data as of June 30, 2021, using the following actuarial assumptions:

Discount Rate                      7.00%, net of investment expenses, including inflation.

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Salary Increase Rate                      Representative values of the assumed annual rates of future salary increases are as follows:

Service	Annual Rate of Salary Increase (%)
20	10.50
25	9.50
30	6.50
35	5.95
40	5.30
45	4.50
50	4.20
55	3.80
60	3.55
65	3.40
70	3.30

Inflation	2.30%
Healthcare Cost Trend Rates	Non-Medicare – 7.12% graded to 4.50% over 12 years Medicare – 6.00% graded to 4.50% over 12 years
Pre-retirement Mortality	PubT-2010 Teacher Employee Headcount-Weighted Table with generational projections using scale MP-2019
Post-retirement Mortality	Retirees: PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table with generational projection using scale MP-2019 Spouses: 109% of the Pub-2010 Contingent Survivor Headcount-Weighted Table with generational projection using scale MP-2019.
Disabled Mortality	PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2019

**Long-term Rates of Return** – The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Passive Global Equity	24.00%	4.30%
Active Global Equity	5.00%	4.30%
U.S. Equity - Large Cap	4.00%	3.25%
U.S. Equity - Small/Mid Cap	3.00%	3.75%
Non-U.S. Developed Market Equities	7.00%	5.00%
Private Equity	10.00%	6.50%
Emerging Markets Debt	4.00%	3.50%
Private & Alternative Credit	10.00%	4.75%
Non-Core Real Estate	4.00%	6.00%
Core Fixed Income	19.00%	0.00%
Core Real Estate	3.00%	3.50%
U.S. TIPS	3.00%	-0.50%
Infrastructure/Farmland	4.00%	4.25%
Total	<u>100.00%</u>	

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**Discount Rate** – The sufficiency of projected assets to make projected benefit payments results in a blended discount rate of 7.00%. In accordance with paragraph 38 of GASB 75, professional judgment was applied to determine that the System’s projected Fiduciary Net Position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that the employer will continue to contribute an amount at least equal to the actuarially determined contribution, which is comprised of an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2048, in accordance with Vermont Statute. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine total OPEB liability.

**Sensitivity of the School District’s OPEB Liability to Changes in the Discount Rate** – The June 30, 2022, actuarial valuation was prepared using a discount rate of 7.00%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$4,302,669 or by 11.6%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$5,550,429 or by 14.0%.

Actuarial Valuation Date	1% Decrease 1.20%	Current Single Rate Assumption 2.20%	1% Increase 3.20%
June 30, 2022	<u>\$ 5,550,429</u>	<u>\$ 4,869,227</u>	<u>\$ 4,302,669</u>

**Sensitivity of the School District’s OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The June 30, 2022, actuarial valuation was prepared using an initial trend rate of 7.12%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$5,656,895 or by 16.2%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$4,234,431 or by 13.0%.

Actuarial Valuation Date	1% Decrease 6.20%	Health Cost Trend Rate 7.20%	1% Increase 8.20%
June 30, 2022	<u>\$ 4,234,431</u>	<u>\$ 4,869,227</u>	<u>\$ 5,656,895</u>

**Special Funding Situation** – The employer contributions for member employers are required by statute to be made by the State of Vermont on behalf of those member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB Statement No. 75 and the State of Vermont is treated as a nonemployer contributing entity in VSTRS. Since the member employers do not contribute directly to VSTRS, there is no net OPEB liability or deferred inflows or outflows to report in the financial statements of the participating employers.

**OPEB Plan Fiduciary Net Position** – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued Vermont State Teachers’ Retirement System Actuarial Valuation and Review of Other Postemployment Benefits Report.

**14-C Retiree Health Benefit Program**

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

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

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

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**Benefits Provided** – The School District provides postemployment healthcare benefits for certain eligible retirees. The School District provides medical benefits to its eligible retirees.

**Employees Covered by Benefit Terms** – At July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	18
Active employees	327
Total participants covered by OPEB plan*	345

\*The SAU-wide total is represented above, as an allocation by district and for the School Administrative Unit was not explicitly disclosed by the actuaries.

**Total OPEB Liability** – The School District’s total OPEB liability of \$4,603,096 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022. The School District contracts with an outside actuary to complete the actuarial valuation and schedule of changes in the total OPEB liability. Detailed information can be found in the separately issued report through request of the School District business office.

**Actuarial Assumptions and Other Inputs** – The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	4.13%
Healthcare Cost Trend Rates:	
Current Year Trend	7.00%
Second Year Trend	6.50%
Decrement	0.50%
Ultimate Trend	4.50%
Year Ultimate Trend is Reached	2029
Salary Increases:	2.75%

The discount rate was based on the index provided by *S&P Municipal Bond 20 Year High Grade Rate Index* as of June 30, 2023.

Mortality rates were based on the Pub-2010 Mortality tables and the most recent generational projection scale MP-2021 released by the Society of Actuaries (SOA) for future mortality improvements.

**Changes in the Total OPEB Liability**

	June 30,	
	2022	2023
Total OPEB liability, beginning of year	\$ 4,643,104	\$ 4,379,377
Changes for the year:		
Service cost	279,708	209,635
Interest	106,952	185,414
Changes in benefit terms	-	70,100
Assumption changes and difference between actual and expected experience	(508,504)	(107,052)
Change in actuarial cost method		
Benefit payments	(141,883)	(134,378)
Total OPEB liability, end of year	\$ 4,379,377	\$ 4,603,096

**Sensitivity of the School District’s OPEB Liability to Changes in the Discount Rate** – The July 1, 2022, actuarial valuation was prepared using a discount rate of 4.13%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$4,305,490 or by 6.47%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$4,918,280 or by 6.85%.

	Discount Rate		
	1% Decrease	Baseline 4.13%	1% Increase
Total OPEB Liability	\$ 4,918,280	\$ 4,603,096	\$ 4,305,490

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**Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The July 1, 2022, actuarial valuation was prepared using an initial trend rate of 7.00%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$5,007,344 or by 8.78%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$4,244,291 or by 7.79%.

	Healthcare Cost Trend Rates		
	1% Decrease 6.00% Year 1, Decreasing to 3.50%	Baseline 7.00% Year 1, Decreasing to 4.50%	1% Increase 8.00% Year 1, Decreasing to 5.50%
Total OPEB Liability	\$ 4,244,291	\$ 4,603,096	\$ 5,007,344

**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – For the year ended June 30, 2023, the School District recognized OPEB expense of \$236,609. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 303,148	\$ 421,472
Differences between expected and actual experience	32,070	279,658
Total	\$ 335,218	\$ 701,130

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

Fiscal Year Ending June 30,	
2024	\$ (88,339)
2025	(88,341)
2026	(30,453)
2027	(44,017)
2028	(50,291)
Thereafter	(64,471)
Totals	\$ (365,912)

**NOTE 15 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION**

Net position reported on the government-wide and fiduciary fund Statements of Net Position at June 30, 2023, include the following:

	Governmental Activities	Fiduciary Fund
Net investment in capital assets:		
Net book value of all capital assets	\$ 33,313,251	\$ -
Add:		
Unspent bond proceeds	1,719,154	-
Less:		
General obligation bonds/note payable	(4,800,686)	-
Unamortized bond premium	(44,721)	-
Total net investment in capital assets	30,186,998	-

*(Continued)*



**DRESDEN SCHOOL DISTRICT**  
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Governmental activities and fiduciary funds net position continued:

Restricted:		
Food service	26,060	-
Special gifts	162,202	-
Capital project	1,719,154	-
Held in trust for specific purposes	-	42,365
Total restricted	1,907,416	42,365
Unrestricted	(18,184,377)	-
Total net position	\$ 13,910,037	\$ 42,365

**NOTE 16 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances at June 30, 2023, consist of the following:

	General Fund	High School Food Service Fund	Athletic Fields	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>					
Prepaid items	\$ 149,423	\$ -	\$ -	\$ -	\$ 149,423
<b>Restricted:</b>					
Food service	-	-	-	26,060	\$ 26,060
Special gifts	-	-	-	162,202	162,202
Capital project	-	-	1,719,154	-	1,719,154
Total restricted fund balance	-	-	1,719,154	188,262	1,907,416
<b>Committed:</b>					
March intensive	-	-	-	32,396	32,396
<b>Assigned:</b>					
Student activity	1,806	-	-	294,124	295,930
Unassigned - Retained (RSA 198:4-bII)	269,415	-	-	-	269,415
Total assigned fund balance	271,221	-	-	294,124	565,345
<b>Unassigned (deficit)</b>	291,494	(17,382)	-	(4,976)	269,136
Total governmental fund balances (deficit)	\$ 712,138	\$ (17,382)	\$ 1,719,154	\$ 509,806	\$ 2,923,716

**NOTE 17 – RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2023, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2022 to June 30, 2023 by Primex<sup>3</sup>, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and for each property loss it is based upon the District's property schedule on file with Primex<sup>3</sup>. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2022-23 the School District paid \$42,042 and \$74,899, respectively, to Primex for workers' compensation and property/liability. At this time, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

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

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**NOTE 18 – CAFETERIA BENEFIT PLAN**

Effective July 2011, the School District implemented a cafeteria benefit plan pursuant to Section 125 of the IRS code. Under this plan, eligible employees may direct a contribution, made by the School District, into any combination of the following benefit categories:

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

In addition to directing the School District's contribution to the above categories, eligible employees may elect to contribute pre-tax dollars to these categories. Under no circumstances may an employee direct more than \$5,000 annually (or \$2,500 if married and filing separately) into the Dependent Care Spending Account, and \$2,750 into the Medical Spending Account. This cap applies to both School District contributions and employee pre-tax contributions. All regular full-time and part-time employees employed on a regular and continuous basis, including certain contractual employees, are eligible to participate in this plan. Temporary and casual employees are not eligible. The plan year adopted by the School District begins on July 1 and ends on June 30. To obtain reimbursement of expenses incurred within a plan year within the spending accounts (items 2 and 3 above), employees must submit claims within ninety days of the end of the plan year or separation of service from the School District, whichever occurs first. Funds unclaimed after ninety days of the close of the plan year are then remitted to the School District.

**NOTE 19 – CONTINGENT LIABILITIES**

There are various claims and suits pending against the School District which arose in the normal course of the School District's activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the School District.

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

**NOTE 20 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through July 25, 2024, the date the June 30, 2023, financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT F**  
**DRESDEN SCHOOL DISTRICT**  
*Schedule of the School District's Proportionate Share of Net Pension Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
School District's:										
Proportion of the net pension liability	0.22%	0.22%	0.22%	0.22%	0.22%	0.23%	0.22%	0.23%	0.22%	0.23%
Proportionate share of the net pension liability	\$9,626,912	\$8,352,579	\$8,553,450	\$11,811,513	\$10,811,229	\$10,999,686	\$10,440,272	\$14,403,153	\$9,754,197	\$13,450,581
Covered payroll (as of the measurement date)	\$6,311,448	\$6,238,373	\$6,080,252	\$6,484,024	\$6,656,725	\$6,912,743	\$6,755,475	\$7,124,091	\$7,047,829	\$7,799,941
Proportionate share of the net pension liability as a percentage of its covered payroll	152.53%	133.89%	140.68%	182.16%	162.41%	159.12%	154.55%	202.18%	138.40%	172.44%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%	65.12%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

**EXHIBIT G**  
**DRESDEN SCHOOL DISTRICT**  
*Schedule of School District Contributions - Pensions*  
**New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 556,200	\$ 721,915	\$ 724,362	\$ 795,370	\$ 805,333	\$ 965,505	\$ 944,252	\$1,010,440	\$1,354,636	\$1,355,602
Contributions in relation to the contractually required contributions	(556,200)	(721,915)	(724,362)	(795,370)	(805,333)	(965,505)	(944,252)	(1,010,440)	(1,354,636)	(1,355,602)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$6,311,448	\$6,238,373	\$6,080,252	\$6,484,024	\$6,656,725	\$6,912,743	\$6,755,475	\$7,047,829	\$7,799,941	\$7,784,014
Contributions as a percentage of covered payroll	8.81%	11.57%	11.91%	12.27%	12.10%	13.97%	13.98%	14.34%	17.37%	17.42%

**EXHIBIT H**  
**DRESDEN SCHOOL DISTRICT**  
*Schedule of the School District's Proportionate Share of Net Pension Liability*  
*Vermont State Teachers' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2023*  
**Unaudited**

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
School District's: Proportion of the net pension liability	0.73%	0.72%	0.84%	0.80%	0.84%	0.83%	0.85%	0.84%	0.85%	0.74%
Proportionate share of the net pension liability	\$ 7,300,250	\$ 6,986,591	\$ 9,999,647	\$ 10,491,202	\$ 12,443,979	\$ 12,555,391	\$ 13,292,145	\$ 16,353,804	\$ 14,419,119	\$ 14,304,441
Covered payroll (as of the measurement date)	\$ 4,132,140	\$ 4,069,794	\$ 4,700,264	\$ 5,189,809	\$ 5,547,102	\$ 5,618,489	\$ 5,852,449	\$ 5,982,747	\$ 6,168,237	\$ 5,598,955
Proportionate share of the net pension liability as a percentage of its covered payroll	176.67%	171.67%	212.75%	202.15%	224.33%	223.47%	227.12%	273.35%	233.76%	255.48%
Plan fiduciary net position as a percentage of the total pension liability	60.59%	64.02%	58.22%	55.31%	53.98%	54.81%	54.96%	50.00%	58.83%	54.81%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.  
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**EXHIBIT I**  
**DRESDEN SCHOOL DISTRICT**  
*Schedule of School District Contributions - Pensions*  
**Vermont State Teachers' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 349,579	\$ 374,972	\$ 614,462	\$ 586,640	\$ 660,339	\$ 917,143	\$ 968,813	\$1,007,879	\$1,070,793	\$2,333,912
Contributions in relation to the contractually required contributions	(349,579)	(374,972)	(614,462)	(586,640)	(660,339)	(917,143)	(968,813)	(1,007,879)	(1,070,793)	(2,333,912)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$4,132,140	\$4,069,794	\$4,700,264	\$5,189,809	\$5,547,102	\$5,618,489	\$5,852,449	\$ 5,982,747	\$ 6,168,237	\$ 5,598,955
Contributions as a percentage of covered payroll	8.46%	9.21%	13.07%	11.30%	11.90%	16.32%	16.55%	16.85%	17.36%	41.68%

**DRESDEN SCHOOL DISTRICT**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

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

**New Hampshire Retirement System**

***Changes in Benefit Terms*** – There were no changes in benefit terms for the current period.

***Changes in Assumptions*** – Salary increases changed from 5.4% to 5.6% in the current period.

***Methods and Assumptions Used to Determine Contribution Rates*** – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at [www.nhrs.org](http://www.nhrs.org).

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the School District's pension plan at June 30, 2023. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Vermont State Teachers Retirement System**

***Changes in Benefit Terms*** – There were no changes in benefit terms for the current period.

***Changes in Assumptions*** – There were no significant changes in assumptions for the current period.

***Methods and Assumptions Used to Determine Contribution Rates*** – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at [www.vermonttreasurer.gov](http://www.vermonttreasurer.gov).

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits H and I represent the actuarial determined costs associated with the School District's pension plan at June 30, 2023. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.



**EXHIBIT J**  
**DRESDEN SCHOOL DISTRICT**  
*Schedule of the School District's Proportionate Share of the Net Other Postemployment Benefits Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
School District's proportion of the net OPEB liability	0.22%	0.22%	0.18%	0.17%	0.19%	0.18%	0.20%
School District's proportionate share of the net OPEB liability (asset)	\$1,078,258	\$1,007,788	\$ 822,752	\$ 748,247	\$ 822,098	\$ 735,154	\$ 762,694
School District's covered payroll (as of the measurement date)	\$6,484,024	\$6,656,725	\$6,912,743	\$ 6,755,475	\$ 7,124,091	\$7,047,829	\$ 7,799,941
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	16.63%	15.14%	11.90%	11.08%	11.54%	10.43%	9.78%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%	10.64%

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

**EXHIBIT K**  
**DRESDEN SCHOOL DISTRICT**  
*Schedule of School District Contributions - Other Postemployment Benefits*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2023*  
**Unaudited**

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 129,421	\$ 130,637	\$ 79,487	\$ 77,888	\$ 88,241	\$ 87,245	\$ 84,942
Contributions in relation to the contractually required contribution	(129,421)	(130,637)	(79,487)	(77,888)	(88,241)	(87,245)	(84,942)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$6,484,024	\$6,656,725	\$6,912,743	\$6,755,475	\$7,047,829	\$7,799,941	\$ 7,784,014
Contributions as a percentage of covered payroll	2.00%	1.96%	1.15%	1.15%	1.25%	1.12%	1.09%

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

**EXHIBIT L**  
**DRESDEN SCHOOL DISTRICT**  
*Schedule of the School District's Proportionate Share of the Net Other Postemployment Benefits Liability*  
*Vermont State Teachers' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2023*  
**Unaudited**

Fiscal year-end	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
School District's proportion of the net OPEB liability	0.75%	0.74%	0.78%	0.75%	0.78%	0.68%
School District's proportionate share of the net OPEB liability (asset)	\$ 7,031,242	\$ 7,089,792	\$ 8,167,437	\$ 9,430,259	\$ 10,004,067	\$ 4,869,227
School District's covered payroll (as of the measurement date)	\$ 4,422,548	\$ 4,512,281	\$ 5,852,449	\$ 5,982,747	\$ 6,168,237	\$ 5,598,955
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	158.99%	157.12%	139.56%	157.62%	162.19%	86.97%
Plan fiduciary net position as a percentage of the total OPEB liability	(2.94%)	(2.85%)	0.03%	0.69%	1.13%	5.34%

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

**EXHIBIT M**  
**DRESDEN SCHOOL DISTRICT**  
*Schedule of School District Contributions - Other Postemployment Benefits*  
*Vermont State Teachers' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2023*

*Unaudited*

Fiscal year-end	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - *
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	<u>\$ 4,422,548</u>	<u>\$ 4,512,281</u>	<u>\$ 5,852,449</u>	<u>\$ 5,982,747</u>	<u>\$ 6,168,237</u>	<u>\$ 5,598,955</u>
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\*State of Vermont has elected to appropriate State contributions to fund current year retiree health expenses on a pay-as-you-go basis, rather than funding existing liability.

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

**EXHIBIT N**  
**DRESDEN SCHOOL DISTRICT**  
*Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios*  
*For the Fiscal Year Ended June 30, 2023*  
**Unaudited**

	June 30,					
	2018	2019	2020	2021	2022	2023
OPEB liability, beginning of year	\$ 3,942,287	\$ 3,750,480	\$ 3,680,884	\$ 4,256,358	\$ 4,643,104	\$ 4,379,377
Changes for the year:						
Service cost	222,323	207,258	229,040	260,805	279,708	209,635
Interest	146,609	152,368	146,772	118,396	106,952	185,414
Changes to benefit terms	-	(461,725)	(58,711)	-	-	70,100
Assumption changes and difference between actual and expected experience	(420,730)	123,939	383,878	84,317	(508,504)	(107,052)
Benefit payments	(140,009)	(91,436)	(125,505)	(76,772)	(141,883)	(134,378)
OPEB liability, end of year	<u>\$ 3,750,480</u>	<u>\$ 3,680,884</u>	<u>\$ 4,256,358</u>	<u>\$ 4,643,104</u>	<u>\$ 4,379,377</u>	<u>\$ 4,603,096</u>
Covered payroll	<u>\$ 12,619,213</u>	<u>\$ 12,393,548</u>	<u>\$ 14,564,982</u>	<u>\$ 14,866,922</u>	<u>\$ 14,613,897</u>	<u>\$ 15,052,953</u>
Total OPEB liability as a percentage of covered payroll	29.72%	29.70%	29.22%	31.23%	29.97%	30.58%

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

**DRESDEN SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFITS LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

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

**New Hampshire Retirement System**

***Changes in Benefit Terms*** – There were no changes in benefit terms for the current period.

***Changes in Assumptions*** – Salary increases changed from 5.4% to 5.6% in the current period.

***Methods and Assumptions Used to Determine Contribution Rates*** – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at [www.nhrs.org](http://www.nhrs.org).

As required by GASB Statement No. 75, Exhibits J and K represent the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2023. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Vermont State Teachers Retirement System**

***Changes in Benefit Terms*** – There were no changes in benefit terms for the current period.

***Changes in Assumptions*** – There were no significant changes in assumptions for the current period.

***Methods and Assumptions Used to Determine Contribution Rates*** – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at [www.vermonttreasurer.org](http://www.vermonttreasurer.org).

As required by GASB Statement No. 75, Exhibits L and M represent the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2023. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

***Changes in Benefit Terms*** – There were no changes in benefit terms for the current period.

***Changes in Assumptions*** – There were no changes in assumptions for the current period.

As required by GASB Statement No. 75, Exhibit N represents the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2023. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**DRESDEN SCHOOL DISTRICT**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended June 30, 2023**

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 26,106,610	\$ 26,106,610	\$ -
Other local sources:			
Tuition	2,642,821	2,602,003	(40,818)
Investment earnings	20,000	39,559	19,559
Student activities	125,000	125,995	995
Miscellaneous	140,000	336,321	196,321
Total from other local sources	<u>2,927,821</u>	<u>3,103,878</u>	<u>176,057</u>
State sources:			
School building aid	332,377	332,377	-
Vocational aid	28,700	36,118	7,418
Total from state sources	<u>361,077</u>	<u>368,495</u>	<u>7,418</u>
Total revenues	29,395,508	<u>\$ 29,578,983</u>	<u>\$ 183,475</u>
Use of fund balance to reduce school district assessment	400,000		
Total revenues and use of fund balance	<u>\$ 29,795,508</u>		

See Independent Auditor's Report.



**SCHEDULE 2**  
**DRESDEN SCHOOL DISTRICT**  
**Major General Fund**  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended June 30, 2023**

	Encumbered from Prior Year	Appropriations	Expenditures	Variance Positive (Negative)
Current:				
Instruction:				
Regular programs	\$ 2,266	\$ 12,317,805	\$ 12,407,051	\$ (86,980)
Special programs	-	3,737,468	3,176,772	560,696
Vocational programs	-	120,000	141,906	(21,906)
Other programs	21,306	1,117,710	1,047,561	91,455
Total instruction	<u>23,572</u>	<u>17,292,983</u>	<u>16,773,290</u>	<u>543,265</u>
Support services:				
Student	90	1,624,520	1,709,923	(85,313)
Instructional staff	5,300	866,658	806,170	65,788
General administration	-	65,718	79,671	(13,953)
Executive administration	-	1,195,093	1,195,093	-
School administration	-	2,320,768	2,351,450	(30,682)
Operation and maintenance of plant	5,315	2,295,172	2,276,784	23,703
Student transportation	-	252,609	259,557	(6,948)
Total support services	<u>10,705</u>	<u>8,620,538</u>	<u>8,678,648</u>	<u>(47,405)</u>
Debt service:				
Principal of long-term debt	-	1,590,296	1,590,296	-
Interest on long-term debt	-	2,029,491	2,029,314	177
Total debt service	<u>-</u>	<u>3,619,787</u>	<u>3,619,610</u>	<u>177</u>
Facilities acquisition and construction	<u>26,640</u>	<u>175,500</u>	<u>184,790</u>	<u>17,350</u>
Other financing uses:				
Transfers out	<u>-</u>	<u>86,700</u>	<u>75,947</u>	<u>10,753</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 60,917</u>	<u>\$ 29,795,508</u>	<u>\$ 29,332,285</u>	<u>\$ 524,140</u>

See Independent Auditor's Report.

**SCHEDULE 3**  
**DRESDEN SCHOOL DISTRICT**  
**Major General Fund**  
*Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2023*

Unassigned fund balance, beginning		\$ 339,082
Changes:		
Unassigned fund balance used to reduce school district assessment		(400,000)
2022-2023 Budget summary:		
Revenue surplus (Schedule 1)	\$ 183,475	
Unexpended balance of appropriations (Schedule 2)	524,140	
2022-2023 Budget surplus	707,615	
Increase in nonspendable fund balance		(123,411)
Increase in assigned fund balance (non-encumbrances)		(231,792)
Unassigned fund balance, ending		\$ 291,494

**SCHEDULE 4**  
**DRESDEN SCHOOL DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2023**

	Special Revenue Funds					Capital Project Fund	Total
	Grants	Middle School Food Service	March Intensive	Special Gifts	Student Activities	Cable Drop	
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 41,339	\$ 32,396	\$ 162,202	\$ 437,858	\$ -	\$ 673,795
Investments	-	-	-	-	60,205	-	60,205
Intergovernmental receivable	64,039	-	-	-	-	-	64,039
<b>Total assets</b>	<b>\$ 64,039</b>	<b>\$ 41,339</b>	<b>\$ 32,396</b>	<b>\$ 162,202</b>	<b>\$ 498,063</b>	<b>\$ -</b>	<b>\$ 798,039</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 314	\$ 15,279	\$ -	\$ -	\$ -	\$ -	\$ 15,593
Interfund payable	63,725	-	-	-	203,939	4,976	272,640
<b>Total liabilities</b>	<b>64,039</b>	<b>15,279</b>	<b>-</b>	<b>-</b>	<b>203,939</b>	<b>4,976</b>	<b>288,233</b>
<b>FUND BALANCES (DEFICIT)</b>							
Restricted	-	26,060	-	162,202	-	-	188,262
Committed	-	-	32,396	-	-	-	32,396
Assigned	-	-	-	-	294,124	-	294,124
Unassigned (deficit)	-	-	-	-	-	(4,976)	(4,976)
<b>Total fund balances (deficit)</b>	<b>-</b>	<b>26,060</b>	<b>32,396</b>	<b>162,202</b>	<b>294,124</b>	<b>(4,976)</b>	<b>509,806</b>
<b>Total liabilities and fund balances</b>	<b>\$ 64,039</b>	<b>\$ 41,339</b>	<b>\$ 32,396</b>	<b>\$ 162,202</b>	<b>\$ 498,063</b>	<b>\$ -</b>	<b>\$ 798,039</b>

See Independent Auditor's Report.

**SCHEDULE 5**  
**DRESDEN SCHOOL DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2023**

	Special Revenue Funds					Capital Project Fund	Total
	Grants	Middle School Food Service	March Intensive	Special Gifts	Student Activities	Cable Drop	
<b>REVENUES</b>							
Other local	\$ -	\$ 252,283	\$ 225,110	\$ 88,818	\$ 368,061	\$ -	\$ 934,272
Federal	388,244	-	-	-	-	-	388,244
Total revenues	<u>388,244</u>	<u>252,283</u>	<u>225,110</u>	<u>88,818</u>	<u>368,061</u>	<u>-</u>	<u>1,322,516</u>
<b>EXPENDITURES</b>							
Current:							
Instruction	388,244	-	223,553	120,783	333,846	-	1,066,426
Noninstructional services	-	248,678	-	-	-	-	248,678
Facilities acquisition and construction	-	-	-	-	-	30,261	30,261
Total expenditures	<u>388,244</u>	<u>248,678</u>	<u>223,553</u>	<u>120,783</u>	<u>333,846</u>	<u>30,261</u>	<u>1,345,365</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>3,605</u>	<u>1,557</u>	<u>(31,965)</u>	<u>34,215</u>	<u>(30,261)</u>	<u>(22,849)</u>
<b>OTHER FINANCING SOURCES</b>							
Transfers in	-	13,320	7,498	-	-	-	20,818
Net change in fund balances	-	16,925	9,055	(31,965)	34,215	(30,261)	(2,031)
Fund balances, beginning	-	9,135	23,341	194,167	259,909	25,285	511,837
Fund balances (deficit), ending	<u>\$ -</u>	<u>\$ 26,060</u>	<u>\$ 32,396</u>	<u>\$ 162,202</u>	<u>\$ 294,124</u>	<u>\$ (4,976)</u>	<u>\$ 509,806</u>

See Independent Auditor's Report.

**SCHEDULE 6**  
**DRESDEN SCHOOL DISTRICT**  
*Student Activity Funds*  
**Combining Balance Sheet**  
**June 30, 2023**

	Student Activity Funds			Total
	Middle School	High School	Hanover Athletics	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 25,259	\$ 312,711	\$ 99,888	\$ 437,858
Investments	-	60,205	-	60,205
Total assets	<u>\$ 25,259</u>	<u>\$ 372,916</u>	<u>\$ 99,888</u>	<u>\$ 498,063</u>
<b>LIABILITIES</b>				
Interfund payable	\$ -	\$ 137,926	\$ 66,013	\$ 203,939
<b>FUND BALANCES</b>				
Assigned	25,259	234,990	33,875	294,124
Total liabilities and fund balances	<u>\$ 25,259</u>	<u>\$ 372,916</u>	<u>\$ 99,888</u>	<u>\$ 498,063</u>

See Independent Auditor's Report.

**SCHEDULE 7**  
**DRESDEN SCHOOL DISTRICT**  
**Student Activity Funds**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2023**

	Student Activity Funds			Total
	Middle School	High School	Hanover Athletics	
<b>REVENUES</b>				
Other local	\$ 22,772	\$ 316,856	\$ 28,433	\$ 368,061
<b>EXPENDITURES</b>				
Current:				
Instruction	20,999	281,580	31,267	333,846
Net change in fund balances	1,773	35,276	(2,834)	34,215
Fund balances, beginning	23,486	199,714	36,709	259,909
Fund balances, ending	<u>\$ 25,259</u>	<u>\$ 234,990</u>	<u>\$ 33,875</u>	<u>\$ 294,124</u>

See Independent Auditor's Report.