

MONADNOCK REGIONAL SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

MONADNOCK REGIONAL SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

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PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of the School Board
Monadnock Regional School District
Swanzy, 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 Monadnock Regional School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Monadnock Regional 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 Monadnock Regional School District, as of June 30, 2024, the respective changes in financial position, and the respective budgetary comparison for the major general and grants funds 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Monadnock Regional School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2-C to the financial statements, in the year ending June 30, 2024, the School District adopted new accounting guidance, GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment to GASB Statement No. 62*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Monadnock Regional 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 Monadnock Regional School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Monadnock Regional School District
Independent Auditor's Report**

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.

In performing an audit in accordance with GAAS, 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 Monadnock Regional School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Monadnock Regional School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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,
- Schedule of School District Contributions – Pensions,
- Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability,
- Schedule of School District Contributions – Other Postemployment Benefits,
- 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 Monadnock Regional School District's basic financial statements. The combining and individual fund schedules and the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial

***Monadnock Regional School District
Independent Auditor's Report***

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 and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2025 on our consideration of the Monadnock Regional School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Monadnock Regional School District's internal control over financial reporting and compliance.



February 27, 2025
Concord, New Hampshire

PLODZIK & SANDERSON
Professional Association

MONADNOCK REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2024

As management of Monadnock Regional School District (the District), we 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 ended June 30, 2024. This discussion and analysis is prepared in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 34 (GASBS-34).

This section is a summary of the District's financial activities based on currently known facts, decisions, and conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and we encourage readers to consider the information presented here in conjunction with additional information found within the body of the annual financial statements.

FINANCIAL HIGHLIGHTS

- The District's total net position for the year ending June 30, 2024, was (\$10,504,563). Net position decreased by \$482,872, or 4.82%, between July 1, 2023 and June 30, 2024. The District's total net position consisted of \$15,499,713 in capital assets net of accumulated depreciation/amortization, \$21,393,100 in restricted position and an unrestricted net position balance of (\$47,397,376).
- The District's total liabilities of \$53,479,513 consisted primarily of obligations (due in more than one year) for net pension liability totaling \$24,845,570 and bond payable totaling \$19,770,242.
 - During the year, the District's expenses totaled \$39,983,665, with slightly less than 57.8% for instruction (\$23,108,804).
 - Total revenues were \$39,500,793 and consisted of charges for services, operating and grants restricted for specific programs, and general revenues (consisting of local and state property tax assessments and grants and contributions not restricted to specific programs). Local and state assessments generate 46.9% of the District's revenue.
 - The fiscal year end balances for the general fund were categorized as follows:
 - Nonspendable = \$825
 - Committed = \$591,006
 - Unassigned = \$209,692
 - Student enrollment decreased by 8 students. Enrollment totaled 1,618 as of October 1, 2022 and 1,610 as of October 1, 2023.

MONADNOCK REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
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OVERVIEW OF FINANCIAL STATEMENTS

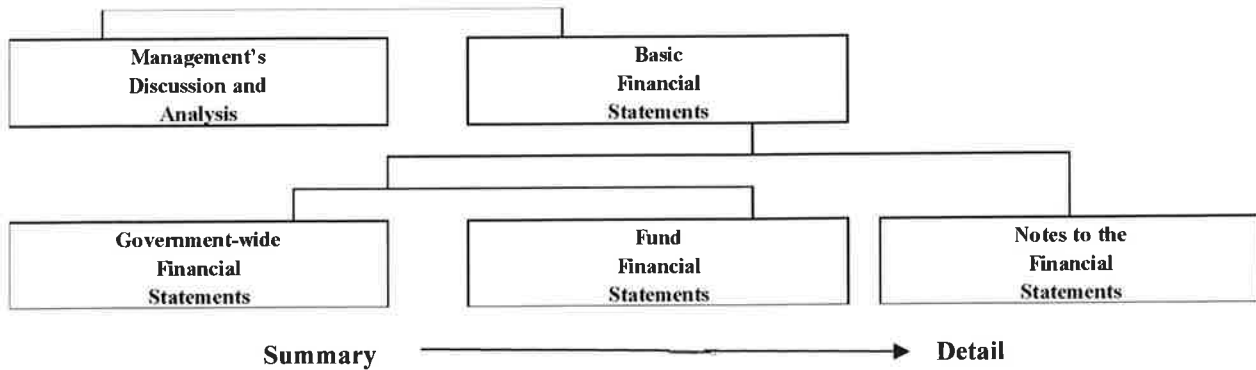
This discussion and analysis is intended to serve as an introduction to the District's annual financial report, which consists of basic financial statements, notes, and related financial/compliance information. Our annual financial report consists of four elements: 1) government-wide financial statements;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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The following exhibit shows how the required parts of this annual report are arranged and related to one another.

Required Components of the Annual Financial Report
Figure 1



MONADNOCK REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2024

Figure 2

	Government Wide	Fund Statements
		Governmental
SCOPE	Entire District government	All activities of the District that are not proprietary or fiduciary
REQUIRED FINANCIAL STATEMENTS	Statement of Net Position	Balance Sheet
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances
ACCOUNTING BASIS	Accrual	Modified Accrual
MEASUREMENT FOCUS	Economic Resources	Current Financial Resources
TYPE OF INFORMATION ASSETS AND LIABILITIES	All assets, liabilities both financial and capital, short-term and long-term, and deferred outflows and inflows of resources.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included.
TYPE OF INFORMATION REVENUES, EXPENSES, AND EXPENDITURES	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payments due during the year or soon thereafter.

MONADNOCK REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
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The remainder of this overview section of MD&A 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. The fund financial statements focus on the individual parts of the government and report the District's operations in more detail than the government-wide statements. Fund definitions are part of a State mandated uniform accounting system and chart of accounts for all New Hampshire school districts. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District's funds are governmental funds. Only those governmental activities that are considered significant or "major" funds are reported in individual columns in the fund financial statements with combining schedules in the supplementary section to report the non-major funds.

The District's basic services are accounted for in the governmental funds and include the general, special revenue (federal grant, food service, before and after school, student activities and private grants) funds, and capital project fund.

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.

MONADNOCK REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's net position totaled (\$10,504,563) at June 30, 2024, a decrease of \$482,872 over the previous fiscal year.

The largest portion of the District's net position represents capital assets such as land, buildings, and equipment, less any related debt used to acquire those assets. 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 resources, since the capital assets themselves generally cannot be used to liquidate these liabilities. A condensed version of the District's Statement of Net Position is shown below.

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/amortization of capital assets. Summaries of the capital assets, depreciation/amortization and long-term debt obligations can be found in the Notes to Financial Statements. Depreciation/amortization is included by accounting convention thus the depreciated/amortized value of a District asset, as reflected in these reports, does not reflect an asset's useful, market or replacement value.

The School District's negative unrestricted net position is due to the fact in part that as of June 30, 2016, the School District implemented 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 and OPEB liabilities 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.

Monadnock Regional School District Governmental Activities Summary of Net Position Two-Year Comparison				
	2024	2023	Change 2023-2024	% Change 2023-2024
Assets				
Current Assets	\$ 24,921,743	\$ 6,109,005	\$ 18,812,738	307.95%
Capital Assets	16,906,319	14,793,734	2,112,585	14.28%
Total assets	<u>41,828,062</u>	<u>20,902,739</u>	<u>20,925,323</u>	<u>100.11%</u>
Deferred Outflows of Resources	<u>4,919,044</u>	<u>6,698,903</u>	<u>(1,779,859)</u>	<u>-26.57%</u>
Liabilities				
Other Liabilities	2,710,149	2,277,021	433,128	19.02%
Long Term Liabilities	50,769,364	31,019,992	19,749,372	63.67%
Total Liabilities	<u>53,479,513</u>	<u>33,297,013</u>	<u>20,182,500</u>	<u>60.61%</u>
Deferred Inflows of Resources	<u>3,772,156</u>	<u>4,326,320</u>	<u>(554,164)</u>	<u>-12.81%</u>
Net Position				
Net Investment in Capital Assets	15,499,713	14,561,264	938,449	6.44%
Restricted Net Position	21,393,100	1,747,819	19,645,281	91.83%
Unrestricted Net Position	(47,397,376)	(26,330,774)	(21,066,602)	-80.01%
Total Net Position	<u>\$ (10,504,563)</u>	<u>\$ (10,021,691)</u>	<u>\$ (482,872)</u>	<u>-4.82%</u>

MONADNOCK REGIONAL SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
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Statement of Activities

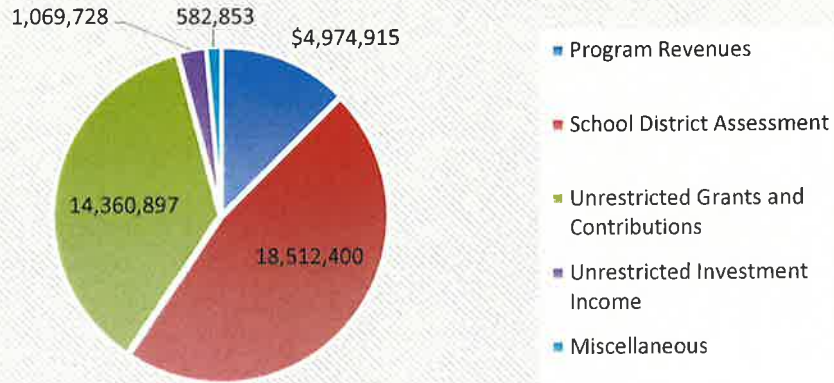
Total expenditures of \$39.98 million exceeded revenues of \$39.5 million. Under half (46.9%) of the District's total revenues come from the school district assessment while another 36.4% is derived from grants and contributions not restricted to specific programs. The District's expenses cover a range of services, the largest of which are school instruction (57.8% of total expenses) and operation and maintenance of plant services (9.6% of total expenses). Below is a condensed version of the District's Statement of Activities followed by charts showing the breakdown of the District's total expenses and revenues.

Monadnock Regional School District Governmental Activities Statement of Activities Two Year Comparison				
	June 30, 2024	June 30, 2023	Change	Change in %
Revenues				
Program Revenue				
Charges for Services	\$ 661,220	\$ 599,341	\$ 61,879	10.32%
Operating Grants & Contributions	4,313,695	4,404,554	(90,859)	-2.06%
General Revenue				
School District Assessment	18,512,400	17,734,809	777,591	4.38%
Unrestricted Grants and Contributions	14,360,897	14,103,574	257,323	1.82%
Unrestricted Investment Income	1,069,728	122,788	946,940	771.20%
Miscellaneous	582,853	475,626	107,227	22.54%
Total Revenues	39,500,793	37,440,692	2,060,101	5.50%
Program Expenses				
Instruction	\$ 23,108,804	20,764,428	2,344,376	11.29%
Support Services:				
Student	2,524,327	2,499,985	24,342	0.97%
Instructional Staff	1,147,854	1,269,846	(121,992)	-9.61%
General Administration	207,176	238,222	(31,046)	-13.03%
Executive Administration	494,127	411,365	82,762	20.12%
School Administration	2,094,595	2,095,832	(1,237)	-0.06%
Business	887,429	839,239	48,190	5.74%
Operation and Maintenance of Plant	3,847,777	3,386,534	461,243	13.62%
Student Transportation	2,313,566	2,136,162	177,404	8.30%
Other	1,022,529	1,385,333	(362,804)	-26.19%
Noninstructional Services	1,574,039	1,138,212	435,827	38.29%
Interest on Long-Term Debt	761,442	-	761,442	100.00%
Total Expenses	39,983,665	36,165,158	3,818,507	10.56%
Change in Net Position	(482,872)	1,275,534	(1,758,406)	137.86%
Net Position, beginning	(10,021,691)	(11,297,225)	1,275,534	11.29%
Net Position, ending	\$ (10,504,563)	\$ (10,021,691)	\$ (482,872)	-4.82%

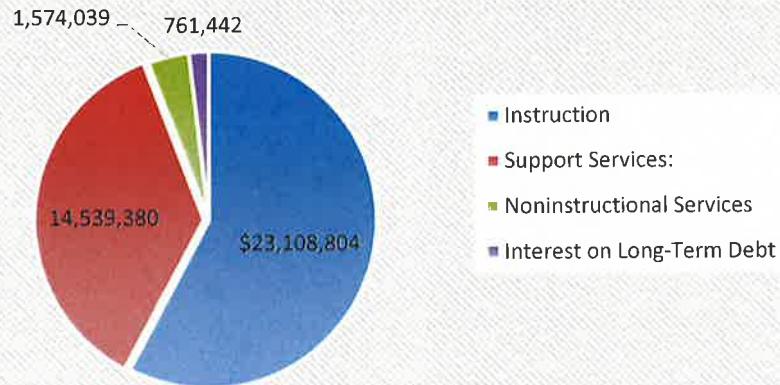
MONADNOCK REGIONAL SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
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**Monadnock Regional School District
Revenues Fiscal Year June 30, 2024**



**Monadnock Regional School District
Expenses Fiscal Year June 30, 2024**



MONADNOCK REGIONAL SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2024**

INDIVIDUAL FUND FINANCIAL ANALYSIS

General Fund

The general fund is what most people think of as “the budget” since it provides the resources necessary to sustain the day-to-day activities, pays for all administrative and operating expenses and is largely supported by locally raised taxes. The general fund ended the fiscal year with an unassigned fund balance of \$209,692.

The general fund is supported by \$18.5 million from local assessments, and \$14.1 million from state sources. General fund expenditures are primarily for instruction (\$20.96 million) followed by support services (\$12.66 million).

COMMENTS ON GENERAL FUND BUDGET COMPARISONS

- General fund actual revenues totaling \$11,432 less than the budgeted revenues.
 - **Federal sources** totaling \$238,103 were less than the budgeted amount by \$261,897 due to lower than anticipated Medicaid revenues.
 - **Other local revenues** totaling \$613,319 exceeded the budget by \$163,981 due to refunds of prior year expenditures.
- General fund expenditures, including encumbrances to the subsequent year, totaling \$33,986,003 were less than appropriations totaling \$34,015,330, including encumbrances from the prior year, by \$29,327 or (0.1%). Significant general fund budget variances occurred in these functions:
 - **Instruction** totaling \$20,959,836 is the largest expense of the District and was over budget by \$66,152 due to increased special education costs.
 - **Student Support Services** totaling \$2,153,098 was under budget by \$118,547 due mostly to unfilled positions and lower health insurance premiums than budgeted.
 - **General Administration** expenditures totaling \$188,827 was below budget by \$56,573, mostly due to changes in staffing and a partial year vacancy.
 - **Student Transportation** totaling \$2,260,738 exceeded the budget by \$133,793 due to increases in special education and athletic transportation.

MONADNOCK REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2024, the District reported capital assets of \$16,906,319 (net of accumulated depreciation/amortization), which consist of a broad range of capital assets, including land, buildings & improvements.

Monadnock Regional School District				
Governmental Activities				
Capital Assets				
Two Year Comparison				
	Governmental Activities		Increase (Decrease)	% Increase (Decrease)
	2024	2023		
Land	\$ 187,742	\$ 187,742	\$ -	0.00%
Construction in Progress	1,306,854	-	1,306,854	100.00%
Land Improvements	250,887	250,887	-	0.00%
Buildings & Building Improvements	28,836,290	27,517,382	1,318,908	4.79%
Vehicles	396,421	355,959	40,462	11.37%
Machinery and Equipment	1,193,109	991,755	201,354	20.30%
Right-to-use equipment	255,709	255,709	-	100.00%
Total Historical Costs	<u>32,427,012</u>	<u>29,559,434</u>	<u>2,867,578</u>	<u>236.46%</u>
Total Accumulated Depreciation/Amortization	(15,520,693)	(14,765,700)	(754,993)	5.11%
Net Capital Assets	<u>\$ 16,906,319</u>	<u>\$ 14,793,734</u>	<u>\$ 2,112,585</u>	<u>14.28%</u>

MONADNOCK REGIONAL SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
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Long-Term Debt

The table below illustrates the long-term debt of the District as of June 30, 2024.

Monadnock Regional School District				
Governmental Activities				
Capital Assets				
Two Year Comparison				
	Governmental Activities		Increase (Decrease)	% Increase (Decrease)
	2024	2023		
Bond payable - direct placement	\$ 19,770,242	\$ -	\$ 19,770,242	0.00%
Bond premium	1,643,270	-	1,643,270	0.00%
Right-to-use lease	186,240	232,470	\$ (46,230)	100.00%
Compensated Absences	787,329	767,501	19,828	2.58%
Net Pension Liability	24,845,570	26,393,938	(1,548,368)	-5.87%
Other Postemployment Benefits				
NHRS	1,361,730	1,565,457	(203,727)	-13.01%
Single Employer	2,174,983	2,060,626	114,357	5.55%
Total Long Term Debt	\$ 50,769,364	\$ 31,019,992	\$ 19,749,372	63.67%

FUTURE BUDGETARY IMPLICATONS

Significant activities or events, which will have an impact on our district's future finances include:

- Changes at the State level as to funding mechanisms for local education may have an impact on taxation calculations.
- In March 2023, voters approved obtaining a 20-year bond in the amount of \$21.5 million in order to construct additions and renovate our elementary schools to address life safety and code issues. The principal and interest payments have become part of the district's operating budget.
- The Monadnock Regional School District school board and the Monadnock District Education Association (MDEA) collective bargaining agreement will expire June 30, 2025. Negotiations for a new contract started in summer of 2024.

Contacting the School District's Financial Management

This financial report is designed to provide a general overview of the District's finances, to comply with the finance-related laws and regulations, and to demonstrate the District's commitment to public accountability. If you have any questions about the report or would like to request additional information, contact Janel Morin, Business Administrator for Monadnock Regional School District located at 600 Old Homestead Hwy, Swanzey, NH 03446 or email jmorin@mrsd.org.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
MONADNOCK REGIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,616,408
Investments	18,434,778
Accounts receivable	91,842
Intergovernmental receivable	2,728,617
Inventory	49,273
Prepaid items	825
Capital assets, not being depreciated/amortized	1,494,596
Capital assets, net of accumulated depreciation/amortization	15,411,723
Total assets	41,828,062
DEFERRED OUTFLOWS OF RESOURCES	4,919,044
LIABILITIES	
Accounts payable	611,794
Accrued salaries and benefits payable	542,236
Intergovernmental payable	658,277
Accrued interest payable	355,848
Contracts payable	514,894
Retainage payable	27,100
Noncurrent obligations:	
Due within one year	790,249
Due in more than one year	49,979,115
Total liabilities	53,479,513
DEFERRED INFLOWS OF RESOURCES	3,772,156
NET POSITION	
Net investment in capital assets	15,499,713
Restricted	21,393,100
Unrestricted	(47,397,376)
Total net position	\$(10,504,563)

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

EXHIBIT B
MONADNOCK REGIONAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2024

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position
Governmental activities:				
Instruction	\$ 23,108,804	\$ 186,160	\$ 2,180,510	\$(20,742,134)
Support services:				
Student	2,524,327	-	377,992	(2,146,335)
Instructional staff	1,147,854	-	349,332	(798,522)
General administration	207,176	-	-	(207,176)
Executive administration	494,127	-	88,412	(405,715)
School administration	2,094,595	-	153,804	(1,940,791)
Business	887,429	-	-	(887,429)
Operation and maintenance of plant	3,847,777	760	470,915	(3,376,102)
Student transportation	2,313,566	-	46,497	(2,267,069)
Other	1,022,529	-	5,773	(1,016,756)
Noninstructional services	1,574,039	474,300	640,460	(459,279)
Interest on long-term debt	761,442	-	-	(761,442)
Total governmental activities	<u>\$ 39,983,665</u>	<u>\$ 661,220</u>	<u>\$ 4,313,695</u>	<u>\$(35,008,750)</u>
General revenues:				
School district assessment				18,512,400
Grants and contributions not restricted to specific programs				14,360,897
Interest				1,069,728
Miscellaneous				582,853
Total general revenues				<u>34,525,878</u>
Change in net position				(482,872)
Net position, beginning				<u>(10,021,691)</u>
Net position, ending				<u><u>\$(10,504,563)</u></u>

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

EXHIBIT C-1
MONADNOCK REGIONAL SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2024

	General	Grants	Capital Project Special Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 3,406,951	\$ 389,394	\$ 3,796,345
Investments	27,154	-	18,407,624	-	18,434,778
Accounts receivable	-	-	-	91,842	91,842
Intergovernmental receivable	2,113,503	527,437	-	87,677	2,728,617
Interfund receivables	454,800	-	-	58,295	513,095
Inventory	-	-	-	49,273	49,273
Prepaid items	825	-	-	-	825
Total assets	\$ 2,596,282	\$ 527,437	\$ 21,814,575	\$ 676,481	\$ 25,614,775
LIABILITIES					
Cash overdraft	\$ 179,937	\$ -	\$ -	\$ -	\$ 179,937
Accounts payable	368,973	59,678	66,650	116,493	611,794
Accrued salaries and benefits payable	529,277	12,959	-	-	542,236
Intergovernmental payable	658,277	-	-	-	658,277
Interfund payable	58,295	454,800	-	-	513,095
Contracts payable	-	-	514,894	-	514,894
Retainage payable	-	-	27,100	-	27,100
Total liabilities	1,794,759	527,437	608,644	116,493	3,047,333
DEFERRED INFLOWS OF RESOURCES	-	-	-	43,992	43,992
FUND BALANCES					
Nonspendable	825	-	-	49,273	50,098
Restricted	-	-	21,205,931	187,169	21,393,100
Committed	591,006	-	-	-	591,006
Assigned	-	-	-	279,554	279,554
Unassigned	209,692	-	-	-	209,692
Total fund balances	801,523	-	21,205,931	515,996	22,523,450
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,596,282	\$ 527,437	\$ 21,814,575	\$ 676,481	\$ 25,614,775

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

EXHIBIT C-2
MONADNOCK REGIONAL SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2024

Total fund balances of governmental funds (Exhibit C-1)		\$ 22,523,450
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	\$ 32,427,012	
Less accumulated depreciation/amortization	<u>(15,520,693)</u>	16,906,319
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	\$ 4,522,576	
Deferred inflows of resources related to pensions	(1,557,856)	
Deferred outflows of resources related to OPEB	396,468	
Deferred inflows of resources related to OPEB	<u>(2,170,308)</u>	1,190,880
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (513,095)	
Payables	<u>513,095</u>	-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(355,848)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 19,770,242	
Unamortized bond premiums	1,643,270	
Right-to-use lease	186,240	
Compensated absences	787,329	
Net pension liability	24,845,570	
Other postemployment benefits	<u>3,536,713</u>	(50,769,364)
Net position of governmental activities (Exhibit A)		<u><u>\$(10,504,563)</u></u>

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

EXHIBIT C-3
MONADNOCK REGIONAL SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2024

	General	Grants	Capital Project Special Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
School district assessment	\$18,512,400	\$ -	\$ -	\$ -	\$18,512,400
Other local	656,170	-	969,964	687,667	2,313,801
State	14,122,794	3,450	-	14,525	14,140,769
Federal	238,103	3,669,785	-	625,935	4,533,823
Total revenues	<u>33,529,467</u>	<u>3,673,235</u>	<u>969,964</u>	<u>1,328,127</u>	<u>39,500,793</u>
EXPENDITURES					
Current:					
Instruction	20,959,836	2,180,510	-	190,996	23,331,342
Support services:					
Student	2,153,098	377,992	-	1,593	2,532,683
Instructional staff	798,522	349,332	-	-	1,147,854
General administration	206,827	-	-	349	207,176
Executive administration	407,826	88,412	-	-	496,238
School administration	1,990,885	153,804	-	26	2,144,715
Business	890,329	-	-	-	890,329
Operation and maintenance of plant	2,636,638	470,915	364,683	-	3,472,236
Student transportation	2,260,738	46,497	-	-	2,307,235
Other	1,313,234	5,773	-	-	1,319,007
Noninstructional services	-	-	-	1,563,012	1,563,012
Debt service:					
Interest	492,082	-	-	-	492,082
Facilities acquisition and construction	-	-	2,351,364	-	2,351,364
Total expenditures	<u>34,110,015</u>	<u>3,673,235</u>	<u>2,716,047</u>	<u>1,755,976</u>	<u>42,255,273</u>
Deficiency of revenues under expenditures	<u>(580,548)</u>	<u>-</u>	<u>(1,746,083)</u>	<u>(427,849)</u>	<u>(2,754,480)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	385,000	-	385,000
Transfers out	(385,000)	-	-	-	(385,000)
Bond issuance	-	-	21,500,000	-	21,500,000
Total other financing sources (uses)	<u>(385,000)</u>	<u>-</u>	<u>21,885,000</u>	<u>-</u>	<u>21,500,000</u>
Net change in fund balances	(965,548)	-	20,138,917	(427,849)	18,745,520
Fund balances, beginning	1,767,071	-	1,067,014	943,845	3,777,930
Fund balances, ending	<u>\$ 801,523</u>	<u>\$ -</u>	<u>\$21,205,931</u>	<u>\$ 515,996</u>	<u>\$22,523,450</u>

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

EXHIBIT C-4
MONADNOCK REGIONAL 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, 2024

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ 18,745,520
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/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation/amortization expense in the current year, as follows:		
Capitalized capital outlay	\$ 2,896,538	
Depreciation/amortization expense	<u>(780,929)</u>	2,115,609
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.		(3,024)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (385,000)	
Transfers out	<u>385,000</u>	-
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. 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.		
Bond issuance	\$ (19,770,242)	
Bond premium	(1,729,758)	
Amortization of bond premium	86,488	
Principal repayment of lease	<u>46,230</u>	(21,367,282)
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	\$ (355,848)	
Increase in compensated absences payable	(19,828)	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	(46,105)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>448,086</u>	<u>26,305</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (482,872)</u>

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

EXHIBIT D-1
MONADNOCK REGIONAL 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, 2024

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
School district assessment	\$ 18,512,400	\$ 18,512,400	\$ 18,512,400	\$ -
Other local	449,338	449,338	613,319	163,981
State	14,036,310	14,036,310	14,122,794	86,484
Federal	500,000	500,000	238,103	(261,897)
Total revenues	<u>33,498,048</u>	<u>33,498,048</u>	<u>33,486,616</u>	<u>(11,432)</u>
EXPENDITURES				
Current:				
Instruction	20,345,801	20,893,684	20,959,836	(66,152)
Support services:				
Student	2,675,757	2,271,645	2,153,098	118,547
Instructional staff	933,319	823,596	794,832	28,764
General administration	245,400	245,400	188,827	56,573
Executive administration	362,047	398,820	407,826	(9,006)
School administration	2,113,175	2,043,595	1,990,885	52,710
Business	891,794	895,442	890,329	5,113
Operation and maintenance of plant	2,614,171	2,589,736	2,541,953	47,783
Student transportation	2,037,064	2,126,945	2,260,738	(133,793)
Other	1,173,008	1,188,967	1,305,597	(116,630)
Debt service:				
Interest	537,500	537,500	492,082	45,418
Total expenditures	<u>33,929,036</u>	<u>34,015,330</u>	<u>33,986,003</u>	<u>29,327</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(430,988)</u>	<u>(517,282)</u>	<u>(499,387)</u>	<u>17,895</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	86,294	86,294	-
Transfers out	(435,001)	(435,001)	(435,001)	-
Total other financing sources (uses)	<u>(435,001)</u>	<u>(348,707)</u>	<u>(348,707)</u>	<u>-</u>
Net change in fund balance	<u>\$ (865,989)</u>	<u>\$ (865,989)</u>	(848,094)	<u>\$ 17,895</u>
Decrease in nonspendable fund balance			5,797	
Increase in committed fund balance			(3,999)	
Decrease in assigned fund balance (non-encumbrance)			240,000	
Unassigned fund balance, beginning			815,988	
Unassigned fund balance, ending			<u>\$ 209,692</u>	

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

EXHIBIT D-2
MONADNOCK REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Grants Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
State	\$ -	\$ 3,450	\$ 3,450	\$ -
Federal	570,000	3,669,785	3,669,785	-
Total revenues	570,000	3,673,235	3,673,235	-
EXPENDITURES				
Current:				
Instruction	570,000	2,180,510	2,180,510	-
Support services:				
Student	-	377,992	377,992	-
Instructional staff	-	349,332	349,332	-
Executive administration	-	88,412	88,412	-
School administration	-	153,804	153,804	-
Operation and maintenance of plant	-	470,915	470,915	-
Student transportation	-	46,497	46,497	-
Other	-	5,773	5,773	-
Total expenditures	570,000	3,673,235	3,673,235	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning			-	
Fund balance, ending			\$ -	

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

MONADNOCK REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

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MONADNOCK REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Monadnock Regional School District, in Swanzey, New Hampshire (the School District), have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units (hereafter referred to as generally accepted accounting principles (GAAP)), as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The Monadnock Regional School District's significant accounting policies are described below.

1-A Reporting Entity

In New Hampshire, each Town constitutes a school district, except school districts organized under special acts of the State legislature. The Monadnock Regional School District serves the communities of Gilsum, Fitzwilliam, Richmond, Roxbury, Swanzey, and Troy, New Hampshire, and provides public as well as vocational education services for students in preschool through grade twelve.

The Monadnock Regional School District is a municipal corporation governed by an elected 13-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. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14*. The School District has no component units to include in its reporting entity.

1-B Government-wide and Fund Financial Statements

The Government-wide Financial Statements (i.e., 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 being 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 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.

Separate financial statements are provided for governmental funds. 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.

The effect of interfund activity has been eliminated from the government-wide financial statements.

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

Government-wide Financial Statements – The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

Governmental Fund Financial Statements – 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

MONADNOCK REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

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 long-term liabilities including compensated absences and claims and judgments, are recorded only when payment is mature and 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 expendable trust funds are consolidated in the general fund.

Grants Fund – accounts for the resources received from various federal and state agencies. The resources are restricted to accomplishing the various objectives of the grantor agencies.

Capital Project Fund (Special Projects) – the special capital project fund accounts for the activity pertaining to the construction/renovation of the District’s schools.

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

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;
- 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.

MONADNOCK REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

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 – Quoted prices for identical investments in active markets;

Level 2 – Observable inputs other than those in Level 1; and

Level 3 – Unobservable inputs.

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 Inventory

Inventories are valued at cost using first-in, first-out, which approximates market. The School District’s inventories include various items consisting of food supplies and commodities. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method in the food service fund. Inventorial items are recorded as expenditures when consumed at the schools (the consumption method).

1-H 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.

1-I 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 \$10,000 and an estimated useful life in excess of five years. 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.

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

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

Capital Asset Class:	<u>Years</u>
Land improvements	25
Buildings and building improvements	10 - 40
Vehicles	5 - 10
Machinery and equipment	5 - 10
Right-to-use equipment	5

1-J 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). 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-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 three 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. In addition, unavailable revenue from grants and donations arises when the related eligible expenditures will not be made until the subsequent period.

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.

In the fund financial statements, premiums received on debt issuances are reported as other financing sources.

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 transaction:

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.

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1-M Lease

The School District is a lessee for a noncancellable lease of copiers. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

1-N Compensated Absences

General leave for the School District includes vacation and retirement stipend 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 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-O 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.

1-P 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

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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.

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-Q Net Position/Fund Balances

In the Government-wide Financial Statements, net position is reported in the following categories:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of the bond or other debt attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital 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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1-R Use of Estimates

The preparation of the accompanying basic financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

1-S Material Change in Classification

The accompanying financial statements reflect a change in classification from the prior year. Specifically, the food service fund which accounts for the District's food service program did not qualify as a major fund for the current fiscal year. As such it was 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 and grants funds, as well as the nonmajor food service 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 2024, \$815,988 of the beginning general fund unassigned fund balance was applied for this purpose. Additionally, \$50,001 was appropriated to fund the School District's capital reserve funds.

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. There are no differences between the budgetary basis and GAAP basis of accounting for the major grants fund. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	
Per Exhibit D-1 (budgetary basis)	\$ 33,572,910
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Interest earnings related to the blended expendable trust funds	42,851
To remove transfer from the blended expendable trust fund to the general fund	(86,294)
Per Exhibit C-3 (GAAP Basis)	\$ 33,529,467
	(Continued)

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Budgetary reconciliation to GAAP basis continued:

Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 34,421,004
Adjustments:	
Basis differences:	
Encumbrances, beginning	29,327
Encumbrances, ending	-
GASB Statement No. 54:	
Expenditures of blended expendable trust funds	94,685
To remove transfer from the general fund to the blended expendable trust funds	<u>(50,001)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 34,495,015</u>

2-C Change in Accounting Principle

During the fiscal year, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. This statement will improve the clarity and consistency of the accounting and financial reporting requirements for accounting changes and error corrections.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School District’s deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held by the School District’s agent in the School District’s name. The FDIC currently insures the first \$250,000 of the School District’s deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by collateral. As of year-end, the carrying amount of the School District’s deposits was \$3,616,408 and the bank balances totaled \$ 4,014,183. Petty cash totaled \$335.

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 amortized costs as follows:

Investments carried at amortized cost:	
NH Public Deposit Investment Pool	<u>\$ 18,434,778</u>

NOTE 5 – RECEIVABLES

Receivables at June 30, 2024, consisted of accounts and intergovernmental amounts arising from grants, school lunch program, and expendable trust funds held by the Town of Swanzey Trustees of Trust Funds for the School District. 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 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 consisted of the following:

	Balance, beginning	Additions	Retirements	Balance, ending
At cost:				
Not being depreciated/amortized:				
Land	\$ 187,742	\$ -	\$ -	\$ 187,742
Construction in progress	-	<u>1,306,854</u>	-	<u>1,306,854</u>
Total capital assets not being depreciated/amortized	<u>187,742</u>	<u>1,306,854</u>	-	<u>1,494,596</u>

(Continued)

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Capital assets continued:

	Balance, beginning	Additions	Retirements	Balance, ending
Being depreciated/amortized:				
Land improvements	250,887	-	-	250,887
Buildings and building improvements	27,517,382	1,318,908	-	28,836,290
Vehicles	355,959	62,367	(21,905)	396,421
Machinery and equipment	991,755	208,409	(7,055)	1,193,109
Right-to-use equipment	255,709	-	-	255,709
Total capital assets being depreciated/amortized	<u>29,371,692</u>	<u>1,589,684</u>	<u>(28,960)</u>	<u>30,932,416</u>
Total capital assets	<u>29,559,434</u>	<u>2,896,538</u>	<u>(28,960)</u>	<u>32,427,012</u>
Less accumulated depreciation/amortization:				
Land improvements	(170,602)	(10,035)	-	(180,637)
Buildings and building improvements	(13,609,113)	(584,347)	-	(14,193,460)
Vehicles	(284,972)	(35,910)	21,905	(298,977)
Machinery and equipment	(649,871)	(99,495)	4,031	(745,335)
Right-to-use equipment	(51,142)	(51,142)	-	(102,284)
Total accumulated depreciation/amortization	<u>(14,765,700)</u>	<u>(780,929)</u>	<u>25,936</u>	<u>(15,520,693)</u>
Net book value, capital assets being depreciated/amortized	<u>14,605,992</u>	<u>808,755</u>	<u>(3,024)</u>	<u>15,411,723</u>
Net book value, all capital assets	<u>\$ 14,793,734</u>	<u>\$ 2,115,609</u>	<u>\$ (3,024)</u>	<u>\$ 16,906,319</u>

Depreciation/amortization 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	\$ 44,831
Support services:	
Operation and maintenance of plant	716,433
Student transportation	6,331
Other	5,331
Non-instructional	8,003
Total depreciation/amortization expense	<u>\$ 780,929</u>

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2024 are as follows:

Receivable Fund	Payable Fund	Amount
General	Grants	\$ 454,800
Nonmajor	General	58,295
		<u>\$ 513,095</u>

Interfund transfers during the year ended June 30, 2024 are as follows:

	Transfer In
	Capital
	Projects
	Fund
Transfers out:	
General fund	<u>\$ 385,000</u>

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.

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NOTE 8 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at June 30, 2024 consist of the following:

Balance due to the New Hampshire Retirement System	\$ 547,197
Balance due to Other School Districts	105,152
Balance due to State of New Hampshire	3,443
Balance due to Troy Water and Sewer Departments	2,185
Balance due to the Town of Roxbury	300
Total intergovernmental payables due	\$ 658,277

NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2024 consist of the following:

	Governmental Activities
Amounts related to pensions, see Note 12	\$ 4,522,576
Amounts related to OPEB, see Note 13	
NHRS, see Note 13-A	104,337
Single employer, see Note 13-B	292,131
Total deferred outflows of resources	\$ 4,919,044

Deferred inflows of resources at June 30, 2024 consist of the following:

	Governmental Activities	Nonmajor Governmental Funds
Local grants and donations received in advance of eligible expenditures being made	\$ 43,992	\$ 43,992
Amounts related to pensions, see Note 12	1,557,856	-
Amounts related to OPEB, see Note 13		
Single employer, see Note 13-B	2,170,308	-
Total deferred inflows of resources	\$ 3,772,156	\$ 43,992

NOTE 10 – LEASE

The District had the following lease payable as of June 30, 2024:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Payable at June 30, 2024
Lease payable:					
Copiers	\$ 255,709	2023	2028	3.00%	\$ 186,240

The annual requirements to amortize the lease payable outstanding as of June 30, 2024, including interest payments, are as follows:

Fiscal Year Ending	Principal	Interest	Total
June 30,			
2025	\$ 47,636	\$ 4,936	\$ 52,572
2026	49,085	3,487	52,572
2027	50,578	1,994	52,572
2028	38,941	488	39,429
Totals	\$ 186,240	\$ 10,905	\$ 197,145

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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, 2024:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year	Due In More Than One Year
Bond payable - direct placement	\$ -	\$ 19,770,242	\$ -	\$ 19,770,242	\$ 593,331	\$ 19,176,911
Bond premium	-	1,729,758	(86,488)	1,643,270	86,488	1,556,782
Total bond payable	-	21,500,000	(86,488)	21,413,512	679,819	20,733,693
Right-to-use lease	232,470	-	(46,230)	186,240	47,636	138,604
Compensated absences	767,501	19,828	-	787,329	62,794	724,535
Pension related liability	26,393,938	-	(1,548,368)	24,845,570	-	24,845,570
Net other postemployment benefits:						
NHRS	1,565,457	-	(203,727)	1,361,730	-	1,361,730
Single Employer	2,060,626	114,357	-	2,174,983	-	2,174,983
Total long-term liabilities	<u>\$ 31,019,992</u>	<u>\$ 21,634,185</u>	<u>\$ (1,884,813)</u>	<u>\$ 50,769,364</u>	<u>\$ 790,249</u>	<u>\$ 49,979,115</u>

The long-term bond is comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2024	Current Portion
Bond payable - direct placement						
Elementary School Renovations	\$ 19,770,242	2023	2043	3.75%	\$ 19,770,242	\$ 593,331
Bond premium					1,643,270	86,488
Total bond payable					<u>\$ 21,413,512</u>	<u>\$ 679,819</u>

The annual requirements to amortize the general obligation bond outstanding as of June 30, 2024, including interest payments, are as follows:

Fiscal Year Ending June 30,	Bond - Direct Placement		
	Principal	Interest	Total
2025	\$ 593,331	\$ 937,287	\$ 1,530,618
2026	623,758	906,252	1,530,010
2027	655,746	873,624	1,529,370
2028	689,374	839,324	1,528,698
2029	724,727	803,264	1,527,991
2030-2034	4,220,729	3,407,282	7,628,011
2035-2039	5,419,807	2,184,224	7,604,031
2040-2044	6,842,770	730,622	7,573,392
Totals	<u>\$ 19,770,242</u>	<u>\$10,681,879</u>	<u>\$30,452,121</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.

NOTE 12 – DEFINED BENEFIT PENSION PLAN

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.

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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 2024, the School District contributed 18.51% for teachers and 13.27% for other employees. The contribution requirement for the fiscal year 2024 was \$2,663,609, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the School District reported a liability of \$24,845,570 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. 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, 2023, the School District’s proportion was 0.44% which was a decrease of .02% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized pension expense of \$2,715,765. At June 30, 2024, 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	\$ 210,877	\$ 1,547,871
Net difference between projected and actual investment earnings on pension plan investments	359,309	-
Changes in assumptions	653,922	-
Differences between expected and actual experience	634,859	9,985
Contributions subsequent to the measurement date	2,663,609	-
Total	<u>\$ 4,522,576</u>	<u>\$ 1,557,856</u>

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The \$2,663,609 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, 2025. 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,	
2024	\$ 531,098
2025	(927,115)
2026	870,313
2027	(173,185)
2028	-
Thereafter	-
Totals	<u>\$ 301,111</u>

Actuarial Assumptions – The collective total pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to June 30, 2023, 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, 2022, 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. Following is a table presenting target allocations and long-term rates of return for 2023:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	5.40%
Global Ex-US Equity (2)	20.00%	5.65%
Total public equity	<u>50.00%</u>	
Real Estate Equity	10.00%	4.00%
Private Equity	10.00%	6.65%
Total private market equity	<u>20.00%</u>	
Private Debt	5.00%	5.05%
Core U.S. Fixed Income (3)	<u>25.00%</u>	2.15%
Total	<u>100.00%</u>	

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

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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, 2023	<u>\$ 33,712,430</u>	<u>\$ 24,845,570</u>	<u>\$ 17,269,380</u>

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.

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

13-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 2023 Comprehensive Annual Financial Report, which can be found on the system’s website at 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 2023 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 2024, 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 2024, the School District contributed 1.13% for teachers and 0.26% for other employees. The contribution requirement for the fiscal year 2024 was \$174,406, which was paid in full.

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OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEB – At June 30, 2024, the School District reported a liability of \$1,361,730 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. 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, 2023, the School District’s proportion was 0.40% which was a decrease of 0.01% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized OPEB expense of \$26,679. At June 30, 2024, the School District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 1,637
Contributions subsequent to the measurement date	102,700
Total	\$ 104,337

The \$102,700 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, 2025. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2024	\$ (271)
2025	(2,068)
2026	4,424
2027	(448)
2028	-
Thereafter	-
Totals	\$ 1,637

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2022, and a measurement date of June 30, 2023. 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

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, 2022, 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 2023:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	5.40%
Global Ex-US Equity (2)	20.00%	5.65%
Total public equity	<u>50.00%</u>	
Real Estate Equity	10.00%	4.40%
Private Equity	10.00%	6.65%
Total private market equity	<u>20.00%</u>	
Private Debt	5.00%	5.05%
Core U.S. Fixed Income (3)	25.00%	2.15%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2023, 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, 2023	<u>\$ 1,478,973</u>	<u>\$ 1,361,730</u>	<u>\$ 1,259,440</u>

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.

13-B 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	6
Active employees	<u>260</u>
Total participants covered by OPEB plan	<u><u>266</u></u>

Total OPEB Liability – The School District’s total OPEB liability of \$2,174,983 was measured as of June 30, 2024, 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:	3.65%
Healthcare Cost Trend Rates:	
Current Year Trend	7.50%
Second Year Trend	7.00%
Decrement	0.50%
Ultimate Trend	4.54%
Year Ultimate Trend is Reached	2090
Salary Increases:	3.50%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of June 30, 2024.

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

Changes in the Total OPEB Liability

	June 30,	
	2022	2023
Total OPEB liability, beginning of year	\$ 5,388,917	\$ 2,060,626
Changes for the year:		
Service cost	125,026	129,589
Interest	74,152	78,237
Assumption changes and difference between actual and expected experience	(3,437,291)	-
Benefit payments	(90,178)	(93,469)
Total OPEB liability, end of year	\$ 2,060,626	\$ 2,174,983

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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 3.65%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$2,040,748 or by 6.17%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$2,313,706 or by 6.38%.

	Discount Rate		
	1% Decrease	Baseline 3.65%	1% Increase
Total OPEB Liability	\$ 2,313,706	\$ 2,174,983	\$ 2,040,748

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 7.50%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$2,470,074 or by 13.57%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$1,923,051 or by 11.58%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.50%	1% Increase
Total OPEB Liability	\$ 1,923,051	\$ 2,174,983	\$ 2,470,074

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2024, the School District recognized OPEB expense of \$224,936. At June 30, 2024, 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	\$ 292,131	\$ 1,554,839
Differences between expected and actual experience	-	615,469
Total	\$ 292,131	\$ 2,170,308

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,	
2025	\$ (432,762)
2026	(637,028)
2027	(657,226)
2028	(151,161)
2029	-
Thereafter	-
Totals	\$ (1,878,177)

NOTE 14 – GOVERNMENTAL ACTIVITIES NET POSITION

Net position reported on the government-wide Statement of Net Position at June 30, 2024 include the following:

Net investment in capital assets:	
Net book value of all capital assets	\$ 16,906,319
Less:	
Right-to-use lease payable	(186,240)
Bond payable - direct placement	(19,770,242)
Unamortized bond premium	(1,643,270)
Amount of debt related to unspent proceeds	20,193,146
Total net investment in capital assets	15,499,713

(Continued)

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Governmental activities net position continued:

Restricted:	
Food service	183,280
Before and afterschool	3,889
Capital projects	21,205,931
Total restricted	<u>21,393,100</u>
Unrestricted	<u>(47,397,376)</u>
Total net position	<u><u>\$ (10,504,563)</u></u>

NOTE 15 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2024 consist of the following:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 825	\$ -	\$ -	\$ 825
Inventory	-	-	49,273	49,273
Total nonspendable fund balance	<u>825</u>	<u>-</u>	<u>49,273</u>	<u>50,098</u>
Restricted:				
Food service	-	-	183,280	183,280
Before and after school program	-	-	3,889	3,889
Capital projects	-	21,205,931	-	21,205,931
Total restricted fund balance	<u>-</u>	<u>21,205,931</u>	<u>187,169</u>	<u>21,393,100</u>
Committed:				
Expendable trust	537,006	-	-	537,006
Voted appropriations - March 2024	54,000	-	-	54,000
Total committed fund balance	<u>591,006</u>	<u>-</u>	<u>-</u>	<u>591,006</u>
Assigned:				
Student activity funds	-	-	279,554	279,554
Unassigned	<u>209,692</u>	<u>-</u>	<u>-</u>	<u>209,692</u>
Total governmental fund balances	<u><u>\$ 801,523</u></u>	<u><u>\$21,205,931</u></u>	<u><u>\$ 515,996</u></u>	<u><u>\$ 22,523,450</u></u>

NOTE 16 – 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 2024, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2023 to June 30, 2024 by Primex³, 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 Primex³. 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 Primex³ 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 2023-24 the School District paid \$78,586 and \$112,305, respectively, to Primex for workers' compensation and property/liability. At this time, Primex³ 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 17 – CONTINGENT LIABILITIES

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 18 – 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 February 27, 2025, the date the June 30, 2024 financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT E
MONADNOCK REGIONAL 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, 2024

Unaudited

Fiscal year-end	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	June 30, 2024
Measurement date	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
School District's: Proportion of the net pension liability	0.53%	0.47%	0.49%	0.49%	0.48%	0.47%	0.49%	0.49%	0.46%	0.44%
Proportionate share of the net pension liability	\$ 19,883,581	\$ 18,749,375	\$ 26,290,891	\$ 23,967,726	\$ 23,292,771	\$ 22,644,159	\$ 31,084,802	\$ 21,697,940	\$ 26,393,938	\$ 24,845,570
Covered payroll (as of the measurement date)	\$ 14,885,505	\$ 13,794,972	\$ 14,596,228	\$ 14,726,521	\$ 14,383,276	\$ 14,290,091	\$ 14,902,082	\$ 15,551,406	\$ 15,037,439	\$ 15,086,321
Proportionate share of the net pension liability as a percentage of its covered payroll	133.58%	135.91%	180.12%	162.75%	161.94%	158.46%	208.59%	139.52%	175.52%	164.69%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%	65.12%	67.18%

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

EXHIBIT F
MONADNOCK REGIONAL 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, 2024
Unaudited

Fiscal year-end	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	June 30, 2024
Measurement date	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
Contractually required contribution	\$ 1,718,542	\$ 1,587,820	\$ 1,770,390	\$ 1,785,366	\$ 2,044,539	\$ 2,048,011	\$ 2,249,111	\$ 2,662,773	\$ 2,662,780	\$ 2,663,609
Contributions in relation to the contractually required contributions	(1,718,542)	(1,587,820)	(1,770,390)	(1,785,366)	(2,044,539)	(2,048,011)	(2,249,111)	(2,662,773)	(2,662,780)	(2,663,609)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$ 14,885,505	\$ 13,794,972	\$ 14,596,228	\$ 14,726,521	\$ 14,383,276	\$ 14,290,091	\$ 15,552,774	\$ 15,037,439	\$ 15,086,321	\$ 15,743,811
Contributions as a percentage of covered payroll	11.55%	11.51%	12.13%	12.12%	14.21%	14.33%	14.46%	17.71%	17.65%	16.92%

MONADNOCK REGIONAL SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

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

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.

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.

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits E and F represent the actuarial determined costs associated with the School District's pension plan at June 30, 2024. 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 G
MONADNOCK REGIONAL 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, 2024

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	June 30, 2024
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
School District's proportion of the net OPEB liability	0.53%	0.52%	0.40%	0.39%	0.44%	0.44%	0.41%	0.40%
School District's proportionate share of the net OPEB liability (asset)	\$ 2,553,716	\$ 2,382,450	\$ 1,820,433	\$ 1,732,222	\$ 1,912,673	\$ 1,756,572	\$ 1,565,457	\$ 1,361,730
School District's covered payroll (as of the measurement date)	\$ 14,596,228	\$ 14,726,521	\$ 14,383,276	\$ 14,290,091	\$ 14,902,082	\$ 15,551,406	\$ 15,037,439	\$ 15,086,321
School District's proportionate share of the net OPEB liability (asset) as a percentag of its covered payroll	17.50%	16.18%	12.66%	12.12%	12.83%	12.83%	10.41%	9.03%
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%	12.80%

EXHIBIT H
MONADNOCK REGIONAL 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, 2024

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	June 30, 2024
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Contractually required contribution	\$ 306,517	\$ 308,831	\$ 175,874	\$ 179,377	\$ 210,786	\$ 174,366	\$ 174,105	\$ 174,406
Contributions in relation to the contractually required contribution	<u>(306,517)</u>	<u>(308,831)</u>	<u>(175,874)</u>	<u>(179,377)</u>	<u>(210,786)</u>	<u>(174,366)</u>	<u>(174,105)</u>	<u>(174,406)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll (as of the fiscal year)	<u>\$ 14,596,228</u>	<u>\$ 14,726,521</u>	<u>\$ 14,383,276</u>	<u>\$ 14,290,091</u>	<u>\$ 15,552,774</u>	<u>\$ 15,037,439</u>	<u>\$ 15,086,321</u>	<u>\$ 15,743,811</u>
Contributions as a percentage of covered payroll	2.10%	2.10%	1.22%	1.26%	1.36%	1.16%	1.15%	1.11%

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

EXHIBIT I
MONADNOCK REGIONAL 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, 2024

	June 30,							
	2017	2018	2019	2020	2021	2022	2023	2024
OPEB liability, beginning of year	\$ 3,752,173	\$ 3,825,697	\$ 3,875,814	\$ 3,472,250	\$ 3,710,623	\$ 5,116,474	\$ 5,388,917	\$ 2,060,626
Changes for the year:								
Service cost	251,138	256,158	210,730	218,106	328,215	335,304	125,026	129,589
Interest	104,588	106,547	111,919	119,787	103,015	108,663	74,152	78,237
Assumption changes and difference between actual and expected experience	(117,336)	(138,203)	(630,058)	-	1,142,518	-	(3,437,291)	-
Benefit payments	(164,866)	(174,385)	(96,155)	(99,520)	(167,897)	(171,524)	(90,178)	(93,469)
OPEB liability, end of year	<u>\$ 3,825,697</u>	<u>\$ 3,875,814</u>	<u>\$ 3,472,250</u>	<u>\$ 3,710,623</u>	<u>\$ 5,116,474</u>	<u>\$ 5,388,917</u>	<u>\$ 2,060,626</u>	<u>\$ 2,174,983</u>
Covered payroll	<u>\$10,083,728</u>	<u>\$ 10,285,403</u>	<u>\$ 11,349,025</u>	<u>\$ 11,576,006</u>	<u>\$ 13,412,201</u>	<u>\$ 13,680,445</u>	<u>\$ 13,690,461</u>	<u>\$14,169,627</u>
Total OPEB liability as a percentage of covered payroll	37.94%	37.68%	30.60%	32.05%	38.15%	39.39%	15.05%	15.35%

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

MONADNOCK REGIONAL SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

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

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.

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.

As required by GASB Statement No. 75, Exhibits G and H represent the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2024. 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 I represents the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2024. 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
MONADNOCK REGIONAL SCHOOL DISTRICT
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2024

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 18,512,400	\$ 18,512,400	\$ -
Other local sources:			
Tuition	137,638	177,155	39,517
Investment earnings	80,000	56,913	(23,087)
Miscellaneous	231,700	379,251	147,551
Total from other local sources	<u>449,338</u>	<u>613,319</u>	<u>163,981</u>
State sources:			
Adequacy aid (grant)	11,041,055	11,041,055	-
Adequacy aid (tax)	2,212,285	2,212,575	290
Special Education aid	758,774	825,469	66,695
Vocational aid	7,500	6,767	(733)
Charter school aid	16,696	36,928	20,232
Total from state sources	<u>14,036,310</u>	<u>14,122,794</u>	<u>86,484</u>
Federal sources:			
Medicaid	<u>500,000</u>	<u>238,103</u>	<u>(261,897)</u>
Other financing sources:			
Transfers in	<u>86,294</u>	<u>86,294</u>	<u>-</u>
Total revenues and other financing sources	33,584,342	<u>\$ 33,572,910</u>	<u>\$ (11,432)</u>
Use of fund balance to reduce school district assessment	815,988		
Use of fund balance - appropriated	50,001		
Total revenues, other financing sources, and use of fund balance	<u>\$ 34,450,331</u>		

SCHEDULE 2
MONADNOCK REGIONAL SCHOOL DISTRICT
Major General Fund
Schedule of Appropriations and Expenditures (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2024

	Encumbered from Prior Year	Appropriations	Expenditures	Variance Positive (Negative)
Current:				
Instruction:				
Regular programs	\$ -	\$ 11,163,971	\$ 11,068,369	\$ 95,602
Special programs	-	9,209,462	9,386,123	(176,661)
Vocational programs	-	68,000	61,216	6,784
Other programs	-	452,251	444,128	8,123
Total instruction	<u>-</u>	<u>20,893,684</u>	<u>20,959,836</u>	<u>(66,152)</u>
Support services:				
Student	-	2,271,645	2,153,098	118,547
Instructional staff	3,690	823,596	798,522	28,764
General administration	18,000	245,400	206,827	56,573
Executive administration	-	398,820	407,826	(9,006)
School administration	-	2,043,595	1,990,885	52,710
Business	-	895,442	890,329	5,113
Operation and maintenance of plant	-	2,589,736	2,541,953	47,783
Student transportation	-	2,126,945	2,260,738	(133,793)
Other	7,637	1,188,967	1,313,234	(116,630)
Total support services	<u>29,327</u>	<u>12,584,146</u>	<u>12,563,412</u>	<u>50,061</u>
Debt service:				
Interest on long-term debt	<u>-</u>	<u>537,500</u>	<u>492,082</u>	<u>45,418</u>
Other financing uses:				
Transfers out	<u>-</u>	<u>435,001</u>	<u>435,001</u>	<u>-</u>
Total appropriations, expenditures, and other financing uses	<u>\$ 29,327</u>	<u>\$ 34,450,331</u>	<u>\$ 34,450,331</u>	<u>\$ 29,327</u>

See Independent Auditor's Report.

SCHEDULE 3
MONADNOCK REGIONAL SCHOOL DISTRICT
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2024

Unassigned fund balance, beginning		\$ 815,988
Changes:		
Unassigned fund balance used to reduce school district assessment		(815,988)
Unassigned fund balance appropriated for use in 2023-2024		(50,001)
2023-2024 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (11,432)	
Unexpended balance of appropriations (Schedule 2)	<u>29,327</u>	
2023-2024 Budget surplus		17,895
Decrease in nonspendable fund balance		5,797
Increase in committed fund balance		(3,999)
Decrease in assigned fund balance (non-encumbrance)		<u>240,000</u>
Unassigned fund balance, ending		<u><u>\$ 209,692</u></u>

See Independent Auditor's Report.

SCHEDULE 4
MONADNOCK REGIONAL SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2024

	Special Revenue Funds				Total
	Food Service	Private Grants	Before and After School	Student Activities	
ASSETS					
Cash and cash equivalents	\$ 120,663	\$ 43,583	\$ 3,889	\$ 221,259	\$ 389,394
Accounts receivable	91,433	409	-	-	91,842
Intergovernmental receivable	87,677	-	-	-	87,677
Interfund receivable	-	-	-	58,295	58,295
Inventory	49,273	-	-	-	49,273
Total assets	<u>\$ 349,046</u>	<u>\$ 43,992</u>	<u>\$ 3,889</u>	<u>\$ 279,554</u>	<u>\$ 676,481</u>
LIABILITIES					
Accounts payable	<u>\$ 116,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,493</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>43,992</u>	<u>-</u>	<u>-</u>	<u>43,992</u>
FUND BALANCES					
Nonspendable	49,273	-	-	-	49,273
Restricted	183,280	-	3,889	-	187,169
Assigned	-	-	-	279,554	279,554
Total fund balances	<u>232,553</u>	<u>-</u>	<u>3,889</u>	<u>279,554</u>	<u>515,996</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 349,046</u>	<u>\$ 43,992</u>	<u>\$ 3,889</u>	<u>\$ 279,554</u>	<u>\$ 676,481</u>

See Independent Auditor's Report.

SCHEDULE 5
MONADNOCK REGIONAL SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2024

	Special Revenue Funds				Total
	Food Service	Private Grants	Before and After School	Student Activities	
REVENUES					
Other local	\$ 474,300	\$ 23,467	\$ 15,284	\$ 174,616	\$ 687,667
State	14,525	-	-	-	14,525
Federal	625,935	-	-	-	625,935
Total revenues	<u>1,114,760</u>	<u>23,467</u>	<u>15,284</u>	<u>174,616</u>	<u>1,328,127</u>
EXPENDITURES					
Current:					
Instruction	-	21,978	10,916	158,102	190,996
Support services:					
Student	-	1,489	104	-	1,593
General administration	-	-	349	-	349
School administration	-	-	26	-	26
Noninstructional services	1,563,012	-	-	-	1,563,012
Total expenditures	<u>1,563,012</u>	<u>23,467</u>	<u>11,395</u>	<u>158,102</u>	<u>1,755,976</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(448,252)</u>	<u>-</u>	<u>3,889</u>	<u>16,514</u>	<u>(427,849)</u>
Net change in fund balances	(448,252)	-	3,889	16,514	(427,849)
Fund balances, beginning	680,805	-	-	263,040	943,845
Fund balances, ending	<u>\$ 232,553</u>	<u>\$ -</u>	<u>\$ 3,889</u>	<u>\$ 279,554</u>	<u>\$ 515,996</u>

See Independent Auditor's Report.

SCHEDULE 6
MONADNOCK REGIONAL SCHOOL DISTRICT
Student Activity Funds
Combining Balance Sheet
June 30, 2024

	Student Activity Funds						Total
	Gilsum Elementary	Mt. Caesar Elementary	Emerson Elementary	Troy Elementary	Cutler Elementary	Monadnock Regional Middle/High	
ASSETS							
Cash and cash equivalents	\$ 5,086	\$ 12,912	\$ 21,274	\$ 7,059	\$ 25,527	\$ 149,401	\$221,259
Interfund receivable	-	-	-	-	-	58,295	58,295
Total assets	\$ 5,086	\$ 12,912	\$ 21,274	\$ 7,059	\$ 25,527	\$ 207,696	\$279,554
FUND BALANCES							
Assigned	\$ 5,086	\$ 12,912	\$ 21,274	\$ 7,059	\$ 25,527	\$ 207,696	\$279,554

See Independent Auditor's Report.

SCHEDULE 7
MONADNOCK REGIONAL SCHOOL DISTRICT
Student Activity Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2024

	Student Activity Funds						Total
	Gilsum Elementary	Mt. Caesar Elementary	Emerson Elementary	Troy Elementary	Cutler Elementary	Monadnock Regional Middle/High	
REVENUES							
Other local	\$ 5,349	\$ 2,894	\$ 11,849	\$ 6,102	\$ 5,996	\$ 142,426	\$ 174,616
EXPENDITURES							
Current:							
Instruction	5,043	1,994	10,522	5,672	5,235	129,636	158,102
Net change in fund balances	306	900	1,327	430	761	12,790	16,514
Fund balances, beginning	4,780	12,012	19,947	6,629	24,766	194,906	263,040
Fund balances, ending	<u>\$ 5,086</u>	<u>\$ 12,912</u>	<u>\$ 21,274</u>	<u>\$ 7,059</u>	<u>\$ 25,527</u>	<u>\$ 207,696</u>	<u>\$ 279,554</u>

***INDEPENDENT AUDITOR'S REPORTS AND
SINGLE AUDIT ACT SCHEDULES***



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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

Independent Auditor's Report

To the Members of the School Board
Monadnock Regional School District
Swanzy, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Monadnock Regional School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Monadnock Regional School District's basic financial statements, and have issued our report thereon dated February 27, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Monadnock Regional School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Monadnock Regional School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Monadnock Regional School District's internal control.

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

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

Report on Compliance and Other Matters

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

Monadnock Regional School District
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Purpose of This Report

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



February 27, 2025
Concord, New Hampshire

PLODZIK & SANDERSON
Professional Association



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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Members of the School Board
Monadnock Regional School District
Swanzey, New Hampshire

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Monadnock Regional School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Monadnock Regional School District's major federal programs for the year ended June 30, 2024. The Monadnock Regional School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Monadnock Regional School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Monadnock Regional School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not

Monadnock Regional School District
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance

a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Monadnock Regional School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

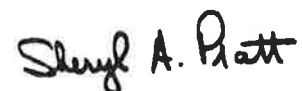
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

February 27, 2025
Concord, New Hampshire



PLODZIK & SANDERSON
Professional Association

SCHEDULE II
Monadnock Regional School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through the State of New Hampshire Department of Education				
CHILD NUTRITION CLUSTER				
School Breakfast Program	10.553	N/A	\$ -	\$ 109,302
National School Lunch Program	10.555	N/A	-	427,797
COVID-19 - National School Lunch Program	10.555	N/A	-	36,559
Fresh Fruit and Vegetable Program	10.582	N/A	-	52,277
<i>CLUSTER TOTAL</i>			-	625,935
U.S. DEPARTMENT OF EDUCATION				
Passed Through the State of New Hampshire Department of Education				
Title I Grants to Local Educational Agencies:				
Title I	84.010	20230098	-	76,716
Title I	84.010	20240134	-	490,635
<i>PROGRAM TOTAL</i>			-	567,351
SPECIAL EDUCATION CLUSTER				
Special Education Grants to States:				
IDEA	84.027	20220391	-	3,560
IDEA	84.027	20230187	-	28,467
IDEA	84.027	20240548	-	407,044
COVID-19 - ARP - IDEA	84.027X	20220837	-	9,000
Special Education Preschool Grants:				
Preschool	84.173	20240548	-	15,917
<i>CLUSTER TOTAL</i>			-	463,988
Twenty-First Century Community Learning Centers:				
21st Century Community Learning Center	84.287	20230045	-	293
21st Century Community Learning Center	84.287	20230078	-	20,919
21st Century Community Learning Center	84.287	20240021	-	78,957
21st Century Community Learning Center	84.287	20240023	-	674,092
<i>PROGRAM TOTAL</i>			-	774,261
Rural Education:				
Title V RLIS	84.358	20231547	-	10,068
<i>PROGRAM TOTAL</i>			-	10,068
Supporting Effective Instruction State Grants:				
Title II	84.367	20220828	-	7,079
Title II	84.367	20231408	-	113,097
Title II	84.367	20240962	-	18,350
<i>PROGRAM TOTAL</i>			-	138,526
Student Support and Academic Enrichment Program:				
Title IV	84.424	20231580	-	28,830
<i>PROGRAM TOTAL</i>			-	28,830
COVID-19 - Education Stabilization Fund:				
ESSER II	84.425D	20211500	-	73,990
ESSER III	84.425U	20220569	-	1,553,203
ARP - Homeless Children and Youth Grant	84.425W	20220642	-	3,870
<i>PROGRAM TOTAL</i>			-	1,631,063
Total Expenditures of Federal Awards			\$ -	\$ 4,240,022

The accompanying notes are an integral part of this schedule.

MONADNOCK REGIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Monadnock Regional School District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Monadnock Regional School District, it is not intended to and does not present the financial position and changes in net position and fund balance of the Monadnock Regional School District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Monadnock Regional School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Food Donation

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities on the date received. For the fiscal year ended June 30, 2024, the value of food donations received was \$84,556.