

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

HANOVER SCHOOL DISTRICT
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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
Hanover School District
Hanover, New Hampshire

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hanover School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Hanover 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 Hanover School District, as of June 30, 2024, and 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). 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 Hanover 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 Hanover 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 Hanover School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from

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

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 Hanover 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 Hanover 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 Hanover School District's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

March 6, 2025
Concord, New Hampshire

***PLODZIK & SANDERSON
Professional Association***

HANOVER SCHOOL DISTRICT
Management's Discussion And Analysis (MD&A) of the
Annual Financial Report for The Year Ended June 30, 2024

The Superintendent of Schools and Business Administrator of School Administrative Unit (SAU) #70, as management of the Hanover School District (the District), offer readers of the District's annual financial statements this narrative discussion and analysis of the financial activities of the District for the fiscal year which ended June 30, 2024. This discussion and analysis is prepared in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 34 (GASB 34). We encourage readers to consider the information presented here in conjunction with additional information found within the body of the annual financial report.

FINANCIAL HIGHLIGHTS

The District's total net position for the year ending June 30, 2024, was (\$5,459,893). Net position increased by \$831,980, or 13.22%, between July 1, 2023 and June 30, 2024. The District's total net position consisted of (\$500,441) in capital assets net of debt, \$2,256,468 in restricted net position, and (\$7,215,920) in unrestricted net position. The District's long-term obligations of \$15,129,227 included \$3,550,000 in general obligation bonds, \$24,480 in note payable, \$223,850 of unamortized bond premium, \$2,045,602 in postemployment benefits, and \$33,299 in compensated absences. The "Net Pension Liability", of \$9,251,996 represents the district's pro-rated share of the unfunded liability arising out of the New Hampshire Retirement System and is required by GASB 68 to be included on our financials. These liabilities are all reflected as an increase in net position.

During the year, the District's governmental activities expenses of \$13,826,577 were \$831,980 less than the revenues of \$14,658,557. Expenditures include \$293,532 in unallocated depreciation. Revenues consist of: charges for services; operating grants and contributions; and general revenues (which consist of local and state property tax assessments, state and federal grants, and contributions not restricted to purpose).

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

Government-Wide Financial Statements

The Government-wide Financial Statements show functions of the District that are principally supported by property taxes and intergovernmental revenues as Governmental Activities. The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Taxes and intergovernmental revenues also support fixed assets and related debt.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund definitions are part of a 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. A detailed statement of financial activity is reported annually to the State of New Hampshire through the annual Department of Education DOE-25 report.

All of the funds of the District are governmental funds. There are three major governmental funds: the General Fund, Bridgman Trust and Federal Funds; and, there are three special revenue funds consolidated as non-major. The non-major funds are the Food Service Fund, Special Gifts Fund, and Student Activity Fund. General Fund expenditures are compared to budget in Exhibit D and Schedules 1 & 2.

Notes To The Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements—the Statement of Net Position (Exhibit A) and Statement of Activities (Exhibit B) provide a comprehensive summary of governmental activities. The Statement of Net Position may serve, over time, as a useful indicator of a government’s financial position. At June 30, 2024, as a result of the recognition of the District’s share of the unfunded liability of the New Hampshire Retirement System, unrestricted net position of the District totaled (\$7,215,920). The District uses its capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A portion of the net position is either net investment in capital assets or restricted as to the purposes they can be used for.

Comparative Statement of Changes in Net Position

The District’s financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. Summaries of the capital assets, depreciation and long-term debt obligations can be found in the Notes to Financial Statements. Depreciation is included by accounting convention thus the depreciated value of a District asset, as reflected in these reports, does not reflect an asset’s useful, market or replacement value. A statement of Comparative Net Position for the periods ending June 30, 2023, and June 30, 2024 is shown below.

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

Hanover School District
Management Discussion and Analysis for Fiscal Year 2024

Comparative Statement of Changes in Net Position

	2024	2023	Increase (Decrease)
Current assets	\$ 5,601,667	\$ 5,736,117	\$ (134,450)
Non-current assets	3,297,889	3,552,509	(254,620)
Total assets	<u>8,899,556</u>	<u>9,288,626</u>	<u>(389,070)</u>
Deferred outflows of resources	<u>1,856,683</u>	<u>2,375,000</u>	<u>(518,317)</u>
Current liabilities	437,747	1,221,094	(783,347)
Non-current liabilities	15,129,227	16,190,616	(1,061,389)
Total liabilities	<u>15,566,974</u>	<u>17,411,710</u>	<u>(1,844,736)</u>
Deferred inflows of resources	<u>649,158</u>	<u>543,789</u>	<u>105,369</u>
Net Investment in Capital Assets	(500,441)	(540,651)	40,210
Restricted Net Position	2,256,468	1,909,761	346,707
Unrestricted Net Position	(7,215,920)	(7,660,983)	445,063
Total Net Position	<u>\$ (5,459,893)</u>	<u>\$ (6,291,873)</u>	<u>\$ 831,980</u>

Statement of Activities

The Statement of Activities provides an important record of overall expenses and revenues for the fiscal year. The District's total expenses were \$13,826,577, total revenues were \$14,658,557, resulting in an increase in net position of \$831,980. The District's expenses were largely for instruction in the amount of \$9,611,185 or 69.5%. The balance of expenses are made up of Support Services: Student & Instructional Staff support in the amount of \$713,806 [5.2%]; administration, operation & maintenance of plant and student transportation in the amount of \$2,895,169 [20.9%]; and the balance of unallocated depreciation, interest on debt and non-instructional services totaling another \$606,417 [4.4%]. The largest share of revenue, \$7,700,299 [52.5% of total revenues], was from local district tax assessments.

Comparative Statement of Changes in Activities

	FY2024	FY2023	\$ Chg	% Chg
Instruction	\$ 9,611,185	\$ 9,763,736	\$ (152,551)	-1.56%
Support Services				
Student	375,313	398,724	(23,411)	-5.87%
Instructional Staff	338,493	321,279	17,214	5.36%
General Administration	57,576	44,949	12,627	28.09%
Executive Administration	532,464	514,223	18,241	3.55%
School Administration	589,188	589,906	(718)	-0.12%
Operation & Maintenance of Plant	923,001	933,908	(10,907)	-1.17%
Student Transportation	792,940	840,672	(47,732)	-5.68%
Non-Instructional Services	220,686	184,893	35,793	19.36%
Interest on Long-Term Debt	92,199	129,020	(36,821)	-28.54%
Depreciation - Unallocated	293,532	442,246	(148,714)	-33.63%
Total Governmental Activities	<u>13,826,577</u>	<u>14,163,556</u>	<u>(336,979)</u>	<u>-2.38%</u>

Please see chart continued on
next page

Hanover School District
Management Discussion and Analysis for Fiscal Year 2024

Program Revenues				
Charges for Services	331,845	176,103	155,742	88.44%
Operating Grants & Contributions	1,045,944	990,738	55,206	5.57%
General Revenue				
School District Assessment	7,700,299	8,343,089	(642,790)	-7.70%
Grants and contributions not restricted	4,906,767	4,731,873	174,894	3.70%
Interest	362,103	142,766	219,337	153.63%
Miscellaneous	311,599	471,034	(159,435)	-33.85%
Total Revenues	<u>14,658,557</u>	<u>14,855,603</u>	<u>(197,046)</u>	<u>-1.33%</u>
Change in Net Position	831,980	692,047	139,933	-20.22%
Net Position, beginning	(6,291,873)	(6,983,920)	692,047	9.91%
Net Position, ending	<u>\$ (5,459,893)</u>	<u>\$ (6,291,873)</u>	<u>\$ 831,980</u>	<u>13.22%</u>

FUND FINANCIAL STATEMENTS

General Fund

The General Fund is what most people think of as “the budget” since it is the focal point of the annual District Meeting and largely supported by locally raised taxes. Exhibit D-1 and Schedules 1, 2, and 3 detail General Fund activity for FY2024. Schedule 1 shows that total budgeted revenues (including fund balance budgeted to offset expenditures) totaled \$15,267,671. Budgeted new revenues were projected at \$13,965,085 and we received \$14,223,089, a favorable variance of \$258,004 due to increases in investment earnings [\$90,712], special education aid [\$130,050], miscellaneous receipts [\$28,664] and unanticipated tuition [\$27,124]. At \$7,700,299, the district’s local tax assessment is the largest single source of funds for the operation of the district.

Schedule 2 shows that against budgeted expenditures of \$15,267,671, the District expended \$13,651,519, under budget by a total of \$1,732,635. Direct instruction of \$9,528,750 makes up 69.8 % of all general fund expenditures while support services totaling \$3,329,591 makes up 24.4%. The balance of \$793,178 [5.8%] is spent in debt servicing, facilities upgrades and other governmental transfers. We end with a positive variance of \$1,732,635. (This schedule does not include unallocated depreciation.)

Schedule 3 shows an unassigned general fund balance in the amount of \$1,723,288.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2024, the District reported capital assets of \$3,297,889 (net of accumulated depreciation), on a range of capital assets, including land and improvements, buildings and improvements, vehicles, and equipment. The District annually invests in new furnishings, computers and peripherals, printed media, music, and athletic equipment.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>% Change</u>
Not Being Depreciated:			
Land	\$ 35,000	\$ 35,000	0.00%
Being Depreciated:			
Land Improvements	390,916	374,547	4.37%
Building and Building Improvements	10,966,315	10,796,733	1.57%
Machinery, Equipment, and Vehicles	487,266	487,266	0.00%
Infrastructure	13,261	13,261	0.00%
Total Capital Assets Being Depreciated	<u>11,857,758</u>	<u>11,671,807</u>	<u>1.59%</u>

**Hanover School District
Management Discussion and Analysis for Fiscal Year 2024**

Total All Capital Assets	11,892,758	11,706,807	1.59%
Less Accumulated Depreciation:			
Land Improvements	(295,343)	(282,226)	4.65%
Building and Building Improvements	(7,951,124)	(7,580,964)	4.88%
Machinery, Equipment, and Vehicles	(337,875)	(281,244)	20.14%
Infrastructure	(10,527)	(9,864)	6.72%
Total accumulated depreciation	(8,594,869)	(8,154,298)	5.40%
Net Book Value, capital assets being depreciated	3,262,889	3,517,509	-7.24%
Net Book Value, all capital assets	\$ 3,297,889	\$ 3,552,509	-7.17%

Long-Term Debt

As of June 30, 2024 the district had one general obligation bond issue outstanding. This twenty-year bond was issued for a school construction and renovation project undertaken in 2015. The last payment on this bond will come due in February of 2035.

	June 30, 2024	June 30, 2024	\$ Change
General Obligation Bond	\$ 3,550,000	\$ 3,800,000	\$ (250,000)
Unamortized Bond Premium	223,850	244,200	(20,350)
Note Payable	24,480	48,960	(24,480)
Compensated Absences	33,299	28,457	4,842
Net Other Postemployment Benefits:			
NHRS	591,723	662,912	(71,189)
Single Employer	1,453,879	1,663,635	(209,756)
Net Pension Liability	9,251,996	9,742,452	(490,456)
Total Long-Term Debt Outstanding	\$ 15,129,227	\$ 16,190,616	\$ (1,061,389)

FUTURE BUDGETARY IMPLICATIONS

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

Contacting School District's Financial Management

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

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

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,584,384
Investments	728,282
Accounts receivables	3,912
Intergovernmental receivable	3,262,782
Prepaid items	22,307
Capital assets, not being depreciated	35,000
Capital assets, net of accumulated depreciation	3,262,889
Total assets	8,899,556
DEFERRED OUTFLOWS OF RESOURCES	1,856,683
LIABILITIES	
Accounts payable	382,185
Accrued salaries and benefits payable	3,958
Intergovernmental payable	3,427
Accrued interest payable	48,177
Noncurrent obligations:	
Due within one year	309,830
Due in more than one year	14,819,397
Total liabilities	15,566,974
DEFERRED INFLOWS OF RESOURCES	649,158
NET POSITION	
Net investment in capital assets	(500,441)
Restricted	2,256,468
Unrestricted	(7,215,920)
Total net position	\$ (5,459,893)

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

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

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 9,611,185	\$ 143,585	\$ 958,616	\$ (8,508,984)
Support services:				
Student	375,313	-	-	(375,313)
Instructional staff	338,493	-	17,639	(320,854)
General administration	57,576	-	-	(57,576)
Executive administration	532,464	-	-	(532,464)
School administration	589,188	-	-	(589,188)
Operation and maintenance of plant	923,001	-	-	(923,001)
Student transportation	792,940	-	-	(792,940)
Noninstructional services	220,686	188,260	-	(32,426)
Interest on long-term debt	92,199	-	69,689	(22,510)
Depreciation - unallocated	293,532	-	-	(293,532)
Total governmental activities	<u>\$ 13,826,577</u>	<u>\$ 331,845</u>	<u>\$ 1,045,944</u>	<u>\$ (12,448,788)</u>
General revenues and contributions:				
School district assessment				7,700,299
Grants and contributions not restricted to specific programs				4,906,767
Interest				362,103
Miscellaneous				311,599
Total general revenues and contributions				<u>13,280,768</u>
Change in net position				831,980
Net position, beginning				(6,291,873)
Net position, ending				<u>\$ (5,459,893)</u>

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

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

	General	Bridgman Trust	Federal Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,384,960	\$ -	\$ -	\$ 199,424	\$ 1,584,384
Investments	728,282	-	-	-	728,282
Accounts receivable	3,896	-	-	16	3,912
Intergovernmental receivable	1,069,848	2,115,785	77,149	-	3,262,782
Interfund receivables	96,148	-	-	-	96,148
Prepaid items	22,307	-	-	-	22,307
Total assets	<u>\$ 3,305,441</u>	<u>\$ 2,115,785</u>	<u>\$ 77,149</u>	<u>\$ 199,440</u>	<u>\$ 5,697,815</u>
LIABILITIES					
Accounts payable	\$ 350,679	\$ -	\$ -	\$ 31,506	\$ 382,185
Accrued salaries and benefits payable	3,958	-	-	-	3,958
Intergovernmental payable	3,427	-	-	-	3,427
Interfund payable	-	18,999	77,149	-	96,148
Total liabilities	<u>358,064</u>	<u>18,999</u>	<u>77,149</u>	<u>31,506</u>	<u>485,718</u>
FUND BALANCES					
Nonspendable	22,307	-	-	-	22,307
Restricted	-	2,096,786	-	159,682	2,256,468
Committed	611,280	-	-	-	611,280
Assigned	590,502	-	-	8,252	598,754
Unassigned	1,723,288	-	-	-	1,723,288
Total fund balances	<u>2,947,377</u>	<u>2,096,786</u>	<u>-</u>	<u>167,934</u>	<u>5,212,097</u>
Total liabilities and fund balances	<u>\$ 3,305,441</u>	<u>\$ 2,115,785</u>	<u>\$ 77,149</u>	<u>\$ 199,440</u>	<u>\$ 5,697,815</u>

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

EXHIBIT C-2
HANOVER 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)		\$ 5,212,097
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	\$ 11,892,758	
Less accumulated depreciation	<u>(8,594,869)</u>	3,297,889
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	\$ 1,655,833	
Deferred inflows of resources related to pensions	(353,524)	
Deferred outflows of resources related to OPEB:		
NHRS	76,497	
Single Employer	124,353	
Deferred inflows of resources related to OPEB:		
Single Employer	<u>(295,634)</u>	1,207,525
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (96,148)	
Payables	<u>96,148</u>	-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(48,177)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds/note	\$ 3,574,480	
Unamortized bond premium	223,850	
Compensated absences	33,299	
Net pension liability	9,251,996	
Other postemployment benefits:		
NHRS	591,723	
Single Employer	<u>1,453,879</u>	<u>(15,129,227)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ (5,459,893)</u></u>

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

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

	General	Bridgman Trust	Federal Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
School district assessment	\$ 7,700,299	\$ -	\$ -	\$ -	\$ 7,700,299
Other local	433,120	267,706	-	304,721	1,005,547
State	5,702,406	-	9,240	-	5,711,646
Federal	12,987	-	228,078	-	241,065
Total revenues	<u>13,848,812</u>	<u>267,706</u>	<u>237,318</u>	<u>304,721</u>	<u>14,658,557</u>
EXPENDITURES					
Current:					
Instruction	9,528,750	8,752	219,679	28,476	9,785,657
Support services:					
Student	374,197	-	-	-	374,197
Instructional staff	320,371	-	17,639	-	338,010
General administration	57,576	-	-	-	57,576
Executive administration	532,464	-	-	-	532,464
School administration	586,464	-	-	-	586,464
Operation and maintenance of plant	690,059	-	-	-	690,059
Student transportation	792,940	-	-	-	792,940
Noninstructional services	-	-	-	218,462	218,462
Debt service:					
Principal	250,000	-	-	-	250,000
Interest	117,214	-	-	-	117,214
Facilities acquisition and construction	271,282	-	-	-	271,282
Total expenditures	<u>13,521,317</u>	<u>8,752</u>	<u>237,318</u>	<u>246,938</u>	<u>14,014,325</u>
Excess of revenues over expenditures	<u>327,495</u>	<u>258,954</u>	<u>-</u>	<u>57,783</u>	<u>644,232</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	49,201	49,201
Transfers out	(30,202)	(18,999)	-	-	(49,201)
Total other financing sources (uses)	<u>(30,202)</u>	<u>(18,999)</u>	<u>-</u>	<u>49,201</u>	<u>-</u>
Net change in fund balances	297,293	239,955	-	106,984	644,232
Fund balances, beginning	2,650,084	1,856,831	-	60,950	4,567,865
Fund balances, ending	<u>\$ 2,947,377</u>	<u>\$ 2,096,786</u>	<u>\$ -</u>	<u>\$ 167,934</u>	<u>\$ 5,212,097</u>

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

EXHIBIT C-4
HANOVER 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)		\$ 644,232
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 185,951	
Depreciation expense	<u>(440,571)</u>	(254,620)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (49,201)	
Transfers out	<u>49,201</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.		
Principal repayment of bonds and notes	274,480	
Amortization of bond premium	<u>20,350</u>	294,830
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.		
Decrease in accrued interest expense	\$ 4,665	
Increase in compensated absences payable	(4,842)	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	(94,503)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits:		
NHRS	71,496	
Single Employer	<u>170,722</u>	147,538
Change in net position of governmental activities (Exhibit B)		<u>\$ 831,980</u>

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

EXHIBIT D-1
HANOVER 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

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
School district assessment	\$ 7,700,299	\$ 7,700,299	\$ -
Other local	243,143	389,643	146,500
State	5,572,356	5,702,406	130,050
Federal	28,287	12,987	(15,300)
Total revenues	<u>13,544,085</u>	<u>13,805,335</u>	<u>261,250</u>
EXPENDITURES			
Current:			
Instruction	11,016,664	9,528,750	1,487,914
Support services:			
Student	385,359	374,197	11,162
Instructional staff	348,892	295,891	53,001
General administration	54,988	57,576	(2,588)
Executive administration	532,464	532,464	-
School administration	609,061	586,464	22,597
Operation and maintenance of plant	814,918	690,059	124,859
Student transportation	871,531	792,940	78,591
Debt service:			
Principal	250,000	250,000	-
Interest	141,694	141,694	-
Facilities acquisition and construction	128,000	154,799	(26,799)
Total expenditures	<u>15,153,571</u>	<u>13,404,834</u>	<u>1,748,737</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,609,486)</u>	<u>400,501</u>	<u>2,009,987</u>
OTHER FINANCING USES			
Transfers in	421,000	417,754	(3,246)
Transfers out	<u>(114,100)</u>	<u>(130,202)</u>	<u>(16,102)</u>
Total other financing sources (uses)	<u>306,900</u>	<u>287,552</u>	<u>(19,348)</u>
Net change in fund balance	<u>\$ (1,302,586)</u>	688,053	<u>\$ 1,990,639</u>
Increase in nonspendable fund balance		(305)	
Increase in committed fund balance		(100,000)	
Increase in assigned (non-encumbrance) fund balance		(119,833)	
Unassigned fund balance, beginning		1,255,373	
Unassigned fund balance, ending		<u>\$ 1,723,288</u>	

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

EXHIBIT D-2
HANOVER 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

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
State	\$ -	\$ 9,240	\$ 9,240	\$ -
Federal	-	228,078	228,078	-
Total revenues	-	237,318	237,318	-
EXPENDITURES				
Current:				
Instruction	-	219,679	219,679	-
Support services:				
Instructional staff	-	17,639	17,639	-
Total expenditures	-	237,318	237,318	-
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.

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

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HANOVER 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 Hanover School District, in Hanover, 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 Hanover School District's significant accounting policies are described below.

1-A Reporting Entity

The Hanover School District is a municipal corporation governed by an elected 7-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*, (as amended). 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 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.

HANOVER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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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.

Bridgman Trust Fund – accounts for the activity related to the Bridgman endowment.

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.

Nonmajor Funds – The School District also reports three 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.

HANOVER 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 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-H Capital Assets

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

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

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

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

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

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

Capital Asset Class:	<u>Years</u>
Land improvements	20 - 30
Buildings and building improvements	5 - 50
Machinery, equipment, and vehicles	5 - 40
Infrastructure	20

1-I Interfund Activities

Interfund activities are reported as follows:

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

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

1-J 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 District 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 District has two types of items which qualify for reporting in this category. Deferred inflows of resources related to pensions and OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

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

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

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

1-L Compensated Absences

General leave for the School District includes vacation and sick 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.

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

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-M 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-N Postemployment Benefits Other Than Pensions (OPEB)

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

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

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-O 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, reduced by the outstanding balances of bonds and notes attributable to the acquisition, construction, or improvement of those assets.

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

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

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

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

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

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.

In accordance with RSA 198:4-bII, *Contingency Fund*, the School District voted to retain general fund unassigned fund balance of \$590,502 which is less than 5% of the net School District assessment, to be used for emergency expenditures, or to use as a revenue source to reduce the tax rate.

1-P 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.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2024, \$1,202,586 of the beginning general fund unassigned fund balance was applied for this purpose. Additionally, \$100,000 was appropriated to fund the School District’s capital reserve funds.

HANOVER SCHOOL DISTRICT
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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:	
Per Exhibit D-1 (budgetary basis)	\$ 14,223,089
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Interest earnings related to the blended expendable trust funds	43,477
To remove transfer from the blended expendable trust to the general fund	<u>(417,754)</u>
Per Exhibit C-3 (GAAP Basis)	<u>\$ 13,848,812</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 13,535,036
Adjustments:	
Basis differences:	
Encumbrances, beginning	116,483
GASB Statement No. 54:	
To remove transfer from the general fund to the blended expendable trust fund	<u>(100,000)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 13,551,519</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 \$1,584,384 and the bank balances totaled \$2,709,853. Petty cash totaled \$100.

NOTE 4 – INVESTMENTS

Note 1-E describes statutory requirements covering the investment of the School District funds. The School District holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the School District's mission, the School District determines that the disclosures related to these investments only need to be disaggregated by major type. The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The School District has the following recurring amortized cost measurements as of June 30, 2024:

Investments carried at amortized cost:	
NH Public Deposit Investment Pool	<u>\$ 728,282</u>

HANOVER SCHOOL DISTRICT
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Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The School District’s investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The School District has no formal policy on managing credit risk; however, state law limits investments as explained in Note 1-E. As of June 30, 2024, the School District’s investment pool had the following credit risk structure:

Investment Type	Reported Balance	Exempt From Disclosure
New Hampshire Public Deposit Investment Pool	\$ 728,282	\$ 728,282

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have custodial credit risk policies for investments.

Concentration of Credit Risk – The School District places no limit on the amount it may invest in any one issuer. No more than 5% of the School District’s total investments is held by one individual issuer.

NOTE 5 – RECEIVABLES

Receivables at June 30, 2024, consisted of accounts and intergovernmental amounts arising from grants and expendable trust funds held by the Town of Hanover 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	Balance, ending
At cost:			
Not being depreciated:			
Land	\$ 35,000	\$ -	\$ 35,000
Being depreciated:			
Land improvements	374,547	16,369	390,916
Buildings and building improvements	10,796,733	169,582	10,966,315
Machinery, equipment, and vehicles	487,266	-	487,266
Infrastructure	13,261	-	13,261
Total capital assets being depreciated	11,671,807	185,951	11,857,758
Total capital assets	11,706,807	185,951	11,892,758
Less accumulated depreciation:			
Land improvements	(282,226)	(13,117)	(295,343)
Buildings and building improvements	(7,580,964)	(370,160)	(7,951,124)
Machinery, equipment, and vehicles	(281,244)	(56,631)	(337,875)
Infrastructure	(9,864)	(663)	(10,527)
Total accumulated depreciation	(8,154,298)	(440,571)	(8,594,869)
Net book value, capital assets being depreciated	3,517,509	(254,620)	3,262,889
Net book value, all capital assets	\$ 3,552,509	\$ (254,620)	\$ 3,297,889

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

Instruction	\$ 45,506
Support services:	
Operation and maintenance of plant	1,789
Noninstructional services	2,224
Unallocated	391,052
Total depreciation expense	\$ 440,571

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	Federal projects	\$ 77,149
	Bridgman Trust	18,999
		\$ 96,148

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

	Transfer In: Nonmajor Fund
Transfers out:	
General Fund	\$ 30,202
Bridgman Trust	18,999
Total	\$ 49,201

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

NOTE 8 – 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 10	\$ 1,655,833
Amounts related to OPEB:	
NHRS, see Note 12-A	76,497
Single Employer, see Note 12-B	124,353
Total deferred outflows of resources	\$ 1,856,683

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

	Governmental Activities
Amounts related to pensions, see Note 10	\$ 353,524
Amounts related to OPEB:	
Single Employer, see Note 12-B	295,634
Total deferred inflows of resources	\$ 649,158

HANOVER SCHOOL DISTRICT
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NOTE 9 – LONG-TERM LIABILITIES

Changes in the School District’s long-term liabilities consisted of the following for the year ended June 30, 2024:

	Balance			Balance	Due Within	Due In More
	July 1, 2023	Additions	Reductions	June 30, 2024	One Year	Than One Year
Direct placements - Bond payable	\$ 3,800,000	\$ -	\$ (250,000)	\$ 3,550,000	\$ 265,000	\$ 3,285,000
Direct borrowing - Note payable	48,960	-	(24,480)	24,480	24,480	-
Premium	244,200	-	(20,350)	223,850	20,350	203,500
Total bonds/note payable	4,093,160	-	(294,830)	3,798,330	309,830	3,488,500
Compensated absences	28,457	4,842	-	33,299	-	33,299
Pension related liability	9,742,452	-	(490,456)	9,251,996	-	9,251,996
Net other postemployment benefits:						
NHRS	662,912	-	(71,189)	591,723	-	591,723
Single Employer	1,663,635	-	(209,756)	1,453,879	-	1,453,879
Total long-term liabilities	<u>\$ 16,190,616</u>	<u>\$ 4,842</u>	<u>\$ (1,066,231)</u>	<u>\$ 15,129,227</u>	<u>\$ 309,830</u>	<u>\$ 14,819,397</u>

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

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2024
Direct placement - Bond payable					
School renovation/addition	\$ 5,391,000	2014	2035	3.04%	<u>\$ 3,550,000</u>
Direct borrowing - Note payable					
Apple MacBooks	\$ 73,440	2023	2025	0.00%	<u>\$ 24,480</u>

The annual requirements to amortize all general obligation bonds/notes outstanding as of June 30, 2024, including interest payments, are as follows:

Fiscal Year Ending	Bond - Direct Placement			Note - Direct Borrowing		
	Principal	Interest	Total	Principal	Interest	Total
June 30,						
2025	\$ 265,000	\$ 128,944	\$ 393,944	\$ 24,480	\$ -	\$ 24,480
2026	275,000	115,428	390,428	-	-	-
2027	290,000	101,404	391,404	-	-	-
2028	305,000	86,614	391,614	-	-	-
2029	315,000	77,159	392,159	-	-	-
2030-2034	1,725,000	232,676	1,957,676	-	-	-
2035	375,000	12,563	387,563	-	-	-
Totals	<u>\$ 3,550,000</u>	<u>\$ 754,788</u>	<u>\$ 4,304,788</u>	<u>\$ 24,480</u>	<u>\$ -</u>	<u>\$ 24,480</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.

Bonds/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of June 30, 2024 were as follows:

Per District Meeting Vote of	Purpose	Unissued Amount
February 25, 2021	BRES Technology infrastructure upgrades	<u>\$ 245,334</u>

HANOVER SCHOOL DISTRICT
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NOTE 10 – 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. 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 \$993,820, 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 \$9,251,996 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 0.17% which was the same as its proportion measured as of June 30, 2022.

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For the year ended June 30, 2024, the School District recognized pension expense of \$1,106,587. 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	\$ 48,296	\$ 349,806
Net difference between projected and actual investment earnings on pension plan investments	133,800	-
Changes in assumptions	243,508	-
Differences between expected and actual experience	236,409	3,718
Contributions subsequent to the measurement date	993,820	-
Total	\$ 1,655,833	\$ 353,524

The \$993,820 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	\$ 217,648
2025	(298,239)
2026	441,674
2027	(52,594)
Totals	\$ 308,489

Actuarial Assumptions – The collective total pension liability was determined by an actuarial 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.

HANOVER SCHOOL DISTRICT
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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	50.00%	
Real Estate Equity	10.00%	4.00%
Private Equity	10.00%	6.65%
Total private market equity	20.00%	
Private Debt	5.00%	5.05%
Core U.S. Fixed Income (3)	25.00%	2.15%
Total	100.00%	

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

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2023	\$12,553,836	\$ 9,251,996	\$ 6,430,774

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 11 – SUPPLEMENTAL RETIREMENT PLAN(S)

All employees employed by the School District participate in a defined contribution pension plan administered by OMNI Group, Inc. Participation begins upon enrollment following employment. No probationary period is used for access to plan enrollment. The School District has no requirement or obligation under State Statutes to contribute to this plan, however the School District has adopted the Supplemental Retirement Plan 403(b) for its employees. The School Board has the authority to establish and amend the benefit provisions and contribution requirements of the plan. The School District contributes 2-4% of each employee’s salary and all amounts contributed are vested immediately. Also, employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2024 were \$488,349 which consisted of \$129,288 from the School District and \$359,061 from employees.

HANOVER SCHOOL DISTRICT
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NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

12-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 \$75,786, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2024, the School District reported a liability of \$591,723 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 0.17% 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 \$5,698. 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
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 711
Contributions subsequent to the measurement date	75,786
Total	\$ 76,497

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The \$75,786 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 and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2024	\$(118)
2025	(898)
2026	1,922
2027	(195)
Totals	<u>\$ 711</u>

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. 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>	

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

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>\$ 642,670</u>	<u>\$ 591,723</u>	<u>\$ 547,274</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.

12-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.

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 June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	12
Active employees	<u>365</u>
Total participants covered by OPEB plan*	<u>377</u>

Total OPEB Liability – The School District’s total OPEB liability of \$1,453,879 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023. 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.

HANOVER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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JUNE 30, 2024

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

Discount Rate:	4.21%
Healthcare Cost Trend Rates:	
Current Year Trend	8.00%
Second Year Trend	7.50%
Decrement	0.50%
Ultimate Trend	4.50%
Year Ultimate Trend is Reached	2032
Salary Increases:	3.00%

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

Mortality rates were based on the RP-2000 Combined Health Participant Table Projected 10 years using Projection Scale AA.

Changes in the Total OPEB Liability

	June 30,	
	2023	2024
Total OPEB liability beginning of year	\$ 1,558,146	\$ 1,663,635
Changes for the year:		
Service cost	75,765	59,019
Interest	67,012	63,012
Changes in benefit terms	(25,335)	(7,418)
Assumption changes and difference between actual and expected experience	36,613	(258,913)
Benefit payments	(48,566)	(65,456)
Total OPEB liability end of year	<u>\$ 1,663,635</u>	<u>\$ 1,453,879</u>

Sensitivity of the School District's OPEB Liability to Changes in the Discount Rate – The July 1, 2023, actuarial valuation was prepared using a discount rate of 4.21%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$1,361,215 or by 6.37%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$1,551,923 or by 6.74%.

	Discount Rate		
	1% Decrease	Baseline 4.21%	1% Increase
Total OPEB Liability	<u>\$ 1,551,923</u>	<u>\$ 1,453,879</u>	<u>\$ 1,361,215</u>

Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2023, actuarial valuation was prepared using an initial trend rate of 8.00%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$1,559,820 or by 7.29%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$1,359,097 or by 6.52%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 8.00%	1% Increase
Total OPEB Liability	<u>\$ 1,359,097</u>	<u>\$ 1,453,879</u>	<u>\$ 1,559,820</u>

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

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 \$323,932. 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	\$ 115,781	\$ 113,462
Differences between expected and actual experience	8,572	182,172
Total	\$ 124,353	\$ 295,634

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	\$ (42,251)
2026	(23,398)
2027	(27,816)
2028	(29,859)
2029	(34,476)
Thereafter	(13,481)
Totals	\$ (171,281)

NOTE 13 – GOVERNMENTAL ACTIVITIES NET POSITION

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

	Governmental Activities
Net investment in capital assets:	
Net book value of all capital assets	\$ 3,297,889
Less:	
General obligation bonds/note payable	(3,574,480)
Unamortized bond premiums	(223,850)
Total net investment in capital assets	(500,441)
Restricted net position:	
Bridgman trust	2,096,786
Special gifts	159,682
Total restricted net position	2,256,468
Unrestricted	(7,215,920)
Total net position	\$ (5,459,893)

NOTE 14 – GOVERNMENTAL FUND BALANCES

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

	General Fund	Bridgman Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 22,307	\$ -	\$ -	\$ 22,307
Restricted:				
Bridgman Trust	-	2,096,786	-	2,096,786
Special gifts	-	-	159,682	159,682
Total restricted fund balance	-	2,096,786	159,682	2,256,468

(Continued)

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

Governmental fund balances continued:

	General Fund	Bridgman Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Committed:				
Expendable trust	511,280	-	-	511,280
Voted appropriation - March 2024	100,000	-	-	100,000
Total committed fund balance	<u>611,280</u>	<u>-</u>	<u>-</u>	<u>611,280</u>
Assigned:				
Retained (RSA 198:4-b11)	590,502	-	-	590,502
Student activity funds	-	-	8,252	8,252
Total assigned fund balance	<u>590,502</u>	<u>-</u>	<u>8,252</u>	<u>598,754</u>
Unassigned:	<u>1,723,288</u>	<u>-</u>	<u>-</u>	<u>1,723,288</u>
Total governmental fund balances	<u>\$ 2,947,377</u>	<u>\$ 2,096,786</u>	<u>\$ 167,934</u>	<u>\$ 5,212,097</u>

NOTE 15 – 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 \$15,773 and \$34,547, 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.

NOTE 16 – CAFETERIA BENEFIT PLAN

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

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

In addition to directing the School District's contribution to the above categories, eligible employees may elect to contribute pre-tax dollars to these categories. Under no circumstances may an employee direct more than \$5,000 annually into the Dependent Care Spending Account, and \$2,750 into the Medical Spending Account. This cap applies to both School District contributions and employee pre-tax contributions.

All regular full-time and part-time employees employed on a regular and continuous basis, including certain contractual employees, are eligible to participate in this plan. Temporary and casual employees are not eligible. The plan year adopted by the School District begins on July 1 and ends on June 30. To obtain reimbursement of expenses incurred within a plan year within the spending accounts (items 2 and 3 above), employees must submit claims within ninety days of the end of the plan year or separation of service from the School District, whichever occurs first. Funds unclaimed after ninety days of the close of the plan year are then remitted to the School District.

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

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 March 6, 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
HANOVER 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	0.15%	0.15%	0.16%	0.16%	0.17%	0.17%	0.18%	0.17%	0.17%	0.17%
School District's proportionate share of the net pension liability	\$5,514,569	\$ 6,071,158	\$ 8,425,933	\$ 7,638,902	\$ 8,105,707	\$ 8,343,808	\$ 11,364,664	\$ 7,512,849	\$ 9,742,452	\$ 9,251,996
School District's covered payroll (as of the measurement date)	\$4,018,417	\$ 4,186,032	\$ 4,463,654	\$ 4,690,115	\$ 4,547,479	\$ 4,917,112	\$ 5,086,103	\$ 5,004,843	\$ 5,068,629	\$ 5,111,913
School District's proportionate share of the net pension liability as a percentage of its covered payroll	137.23%	145.03%	188.77%	162.87%	178.25%	169.69%	223.45%	150.11%	192.21%	180.99%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	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
HANOVER 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	\$ 476,625	\$ 514,146	\$ 567,390	\$ 569,025	\$ 711,484	\$ 754,641	\$ 771,317	\$ 967,859	\$ 975,559	\$ 993,820
Contributions in relation to the contractually required contributions	(476,625)	(514,146)	(567,390)	(569,025)	(711,484)	(754,641)	(771,317)	(967,859)	(975,559)	(993,820)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$ 4,186,032	\$ 4,463,654	\$ 4,690,115	\$ 4,547,479	\$ 4,917,112	\$ 5,086,103	\$ 5,004,843	\$ 5,068,629	\$ 5,111,913	\$ 5,293,089
Contributions as a percentage of covered payroll	11.39%	11.52%	12.10%	12.51%	14.47%	14.84%	15.41%	19.10%	19.08%	18.78%

HANOVER 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 – Salary increases changed from 5.6% to 5.4% in the current period.

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

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
HANOVER 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	0.20%	0.20%	0.16%	0.16%	0.18%	0.17%	0.18%	0.17%
School District's proportionate share of the net OPEB liability (asset)	\$ 981,697	\$ 917,051	\$ 714,069	\$ 697,985	\$ 784,369	\$ 690,179	\$ 662,912	\$ 591,723
School District's covered payroll (as of the measurement date)	\$4,463,654	\$4,690,115	\$4,547,479	\$4,917,112	\$5,086,103	\$5,004,843	\$5,068,629	\$5,111,913
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	21.99%	19.55%	15.70%	14.20%	15.42%	13.79%	13.08%	11.58%
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%

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

EXHIBIT H
HANOVER 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	\$ 117,831	\$ 118,875	\$ 68,987	\$ 72,656	\$ 81,974	\$ 73,869	\$ 74,378	\$ 75,786
Contributions in relation to the contractually required contribution	(117,831)	(118,875)	(68,987)	(72,656)	(81,974)	(73,869)	(74,378)	(75,786)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$ 4,690,115	\$ 4,547,479	\$ 4,917,112	\$ 5,086,103	\$ 5,004,843	\$ 5,068,629	\$ 5,111,913	\$ 5,293,089
Contributions as a percentage of covered payroll	2.51%	2.61%	1.40%	1.43%	1.64%	1.46%	1.45%	1.43%

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

EXHIBIT I
HANOVER 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
Unaudited

	June 30,						
	2018	2019	2020	2021	2022	2023	2024
OPEB liability, beginning of year	\$ 2,065,449	\$ 1,964,957	\$ 1,855,456	\$ 1,593,151	\$ 1,737,761	\$ 1,558,146	\$ 1,663,635
Changes for the year:							
Service cost	116,480	104,474	85,730	97,611	99,518	75,765	59,019
Interest	76,812	76,805	54,936	44,312	38,053	67,012	63,012
Changes to benefit terms	-	(232,746)	(21,975)	-	-	(25,335)	(7,418)
Assumption changes and difference between actual and expected experience	(220,430)	(11,944)	(334,019)	31,420	(266,705)	36,613	(258,914)
Benefit payments	(73,354)	(46,090)	(46,977)	(28,733)	(50,481)	(48,566)	(65,456)
OPEB liability, end of year	<u>\$ 1,964,957</u>	<u>\$ 1,855,456</u>	<u>\$ 1,593,151</u>	<u>\$ 1,737,761</u>	<u>\$ 1,558,146</u>	<u>\$ 1,663,635</u>	<u>\$ 1,453,878</u>
Covered payroll	<u>\$ 6,611,477</u>	<u>\$ 6,611,081</u>	<u>\$ 5,185,655</u>	<u>\$ 5,564,200</u>	<u>\$ 5,199,503</u>	<u>\$ 5,440,386</u>	<u>\$ 5,440,386</u>
Total OPEB liability as a percentage of covered payroll	29.72%	28.07%	30.72%	31.23%	29.97%	30.58%	26.72%

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

HANOVER 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 – Salary increases changed from 5.6% to 5.4% in the current period

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

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 – The changes in assumptions for the current period are as follows:

- The discount rate changed from 4.13% to 4.21%
- The healthcare cost trend rate changed from 7% to 8%
- The year that the ultimate trend rate is reached changed from 2029 to 2032
- Salary increases changed from 2.75% to 3%

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
HANOVER 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	\$ 7,700,299	\$ 7,700,299	\$ -
Other local sources:			
Tuition	-	27,124	27,124
Investment earnings	60,000	150,712	90,712
Miscellaneous	183,143	211,807	28,664
Total from other local sources	<u>243,143</u>	<u>389,643</u>	<u>146,500</u>
State sources:			
Adequacy aid (grant)	792,933	797,033	4,100
Adequacy aid (tax)	4,109,734	4,109,734	-
School building aid	69,689	69,689	-
Special education aid	595,900	725,950	130,050
Other state aid	4,100	-	(4,100)
Total from state sources	<u>5,572,356</u>	<u>5,702,406</u>	<u>130,050</u>
Federal sources:			
Medicaid	25,000	9,409	(15,591)
Federal forest reserve	3,287	3,578	291
Total from federal sources	<u>28,287</u>	<u>12,987</u>	<u>(15,300)</u>
Other financing sources:			
Transfers in	421,000	417,754	(3,246)
Total revenues	13,965,085	<u>\$ 14,223,089</u>	<u>\$ 258,004</u>
Use of fund balance to reduce school district assessment	1,202,586		
Use of fund balance - appropriated	100,000		
Total revenues and use of fund balance	<u>\$ 15,267,671</u>		

See Independent Auditor's Report.

SCHEDULE 2
HANOVER SCHOOL DISTRICT
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (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	\$ -	\$ 6,387,123	\$ 5,863,013	\$ 524,110
Special programs	-	4,629,541	3,665,737	963,804
Total instruction	-	11,016,664	9,528,750	1,487,914
Support services:				
Student	-	385,359	374,197	11,162
Instructional staff	-	348,892	295,891	53,001
General administration	-	54,988	57,576	(2,588)
Executive administration	-	532,464	532,464	-
School administration	-	609,061	586,464	22,597
Operation and maintenance of plant	-	814,918	690,059	124,859
Student transportation	-	871,531	792,940	78,591
Total support services	-	3,617,213	3,329,591	287,622
Debt service:				
Principal on long-term debt	-	250,000	250,000	-
Interest on long-term debt	-	141,694	141,694	-
Total debt service	-	391,694	391,694	-
Facilities acquisition and construction	116,483	128,000	271,282	(26,799)
Other financing uses:				
Transfers out	-	114,100	130,202	(16,102)
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 116,483	\$ 15,267,671	\$ 13,651,519	\$ 1,732,635

SCHEDULE 3
HANOVER 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		\$ 1,255,373
Changes:		
Unassigned fund balance used to reduce school district assessment		(1,202,586)
Unassigned fund balance appropriated for use in 2023-2024		(100,000)
2023-2024 Budget summary:		
Revenue surplus (Schedule 1)	\$ 258,004	
Unexpended balance of appropriations (Schedule 2)	<u>1,732,635</u>	
2023-2024 Budget surplus		1,990,639
Increase in nonspendable fund balance		(305)
Increase in committed fund balance		(100,000)
Increase in assigned (non-encumbrance) fund balance		<u>(119,833)</u>
Unassigned fund balance, ending		<u><u>\$ 1,723,288</u></u>

See Independent Auditor's Report.

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

	Special Revenue Funds			Total
	Food Service	Special Gifts	Ray School Student Activity	
ASSETS				
Cash and cash equivalents	\$ 31,490	\$ 159,682	\$ 8,252	\$ 199,424
Accounts receivable	16	-	-	16
Total assets	<u>\$ 31,506</u>	<u>\$ 159,682</u>	<u>\$ 8,252</u>	<u>\$ 199,440</u>
LIABILITIES				
Accounts payable	<u>\$ 31,506</u>	\$ -	\$ -	\$ 31,506
FUND BALANCES				
Restricted	-	159,682	-	159,682
Assigned	-	-	8,252	8,252
Total fund balances	<u>-</u>	<u>159,682</u>	<u>8,252</u>	<u>167,934</u>
Total liabilities and fund balances	<u>\$ 31,506</u>	<u>\$ 159,682</u>	<u>\$ 8,252</u>	<u>\$ 199,440</u>

See Independent Auditor's Report.

SCHEDULE 5
HANOVER 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	Special Gifts	Ray School Student Activity	
REVENUES				
Other local	\$ 188,260	\$ 116,079	\$ 382	\$ 304,721
EXPENDITURES				
Current:				
Instruction	-	28,326	150	28,476
Noninstructional services	218,462	-	-	218,462
Total expenditures	218,462	28,326	150	246,938
Excess (deficiency) of revenues over (under) expenditures	(30,202)	87,753	232	57,783
OTHER FINANCING SOURCES				
Transfers in	30,202	18,999	-	49,201
Net change in fund balances	-	106,752	232	106,984
Fund balances, beginning	-	52,930	8,020	60,950
Fund balances, ending	\$ -	\$ 159,682	\$ 8,252	\$ 167,934

See Independent Auditor's Report.