

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

DRESDEN SCHOOL DISTRICT
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JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dresden School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Dresden School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Dresden School District, as of June 30, 2024, and the respective changes in financial position and the respective budgetary comparison for the major general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Dresden School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2-D 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 Dresden School District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

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

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

DRESDEN SCHOOL DISTRICT

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

The Superintendent of Schools and Business Administrator of School Administrative Unit (SAU) #70, as management of the Dresden School District (the District), offer readers of the District's annual financial statements this narrative discussion and analysis of the financial activities of the District for the fiscal year which ended June 30, 2024. This discussion and analysis is prepared in accordance with the provisions of the Governmental Accounting Standards Board Statement 34 (GASB 34). We encourage readers to consider the information presented here in conjunction with additional information found within the body of the annual audit.

FINANCIAL HIGHLIGHTS

The District's total net position for the year ending June 30, 2024, was \$15,317,204. Net position increased by \$1,319,167 or 9.42% between July 1, 2023 and June 30, 2024. The District's total net position consisted of \$30,847,365 in capital assets net of debt, \$162,907 restricted net position, and (\$15,693,068), in unrestricted net position. The District's long-term obligations of \$21,402,227 consisted of \$3,093,669 in general obligation bonds and notes, \$7,818 in unamortized bond premium, \$177,511 in compensated absences, and \$12,778,120 in pension related liabilities and \$5,345,109 in other postemployment benefits.

During the year, the District's combined expenses of \$33,832,597 were \$1,319,167 less than its revenues of \$35,151,764. Governmental expenditure activities include unallocated depreciation in the amount of \$1,400,005. Revenues consisted of: charges for services/tuition; operating grants and contributions; capital grants and contributions, and general revenues (which consist of local and state property tax assessments, state and federal grants, and miscellaneous amounts).

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

Government-Wide Financial Statements

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

Dresden School District
Management Discussion and Analysis for the Year Ended June 30, 2024

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

Fund Financial Statements

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

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

Notes To The Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Change in Net Position

The government-wide financial statements—the Statement of Net Position (Exhibit A) and Statement of Activities (Exhibit B) provide a comprehensive summary of governmental activities. The Statement of Net Position may serve, over time, as a useful indicator of a government's financial position. As of June 30, 2024, the unrestricted net position of the District totaled (\$15,693,068). The largest portion of the District's net position reflects its investment in capital assets (that is, land and improvements, buildings and improvements, furniture and equipment, and construction in progress) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Dresden School District
Management Discussion and Analysis for the Year Ended June 30, 2024

Comparative Statement of Changes in Net Position

	2024	2023 (as restated)	Increase (Decrease)
Current assets	\$ 1,319,367	\$ 4,393,292	\$ (3,073,925)
Non-current assets	33,948,852	33,313,251	635,601
Total assets	<u>35,268,219</u>	<u>37,706,543</u>	<u>(2,438,324)</u>
Deferred outflows of resources	<u>3,144,323</u>	<u>3,994,844</u>	<u>(850,521)</u>
Current liabilities	374,061	2,894,060	(2,519,999)
Non-current liabilities	21,402,227	23,810,788	(2,408,561)
Total liabilities	<u>21,776,288</u>	<u>26,704,848</u>	<u>(4,928,560)</u>
Deferred inflows of resources	<u>1,319,050</u>	<u>998,502</u>	<u>320,548</u>
Net Investment in Capital Assets	30,847,365	30,186,998	660,367
Restricted Net Position	162,907	1,907,416	(1,744,509)
Unrestricted Net Position	<u>(15,693,068)</u>	<u>(18,096,377)</u>	<u>2,403,309</u>
Total Net Position	<u>\$ 15,317,204</u>	<u>\$ 13,998,037</u>	<u>\$ 1,319,167</u>

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

Statement of Activities

The Statement of Activities (Exhibit B) provides an important record of overall expenditures and revenues for the fiscal year; it includes transactions from all funds. The District's total expenses were \$33,832,597; total revenues were \$35,151,764, resulting in an increase in net position of \$1,319,167. The largest share of revenue, \$27,066,560 (77% of total revenues), was from assessments from the two member districts. The District's expenditures were largely for instruction (\$21,643,103 or 63.9%) and support services (\$9,612,608 or 28.4%). Additional expenses include Interest on Long-Term Debt (\$229,448 or 0.68%), Unallocated Depreciation (\$1,400,005 or 4.1%) and other Non-Instructional Services (\$947,443 or 2.8%).

A comparative 2-year report is as follows.

Dresden School District
Management Discussion and Analysis for the Year Ended June 30, 2024

Comparative Statement of Changes in Activities

	2024	2023	Increase (Decrease)	% Chg
Instruction	\$ 21,643,103	\$ 19,679,072	\$ 1,964,031	9.98%
Support Services				
Student	1,805,956	1,722,959	82,997	4.82%
Instructional Staff	878,734	806,963	71,771	8.89%
General Administration	91,131	79,671	11,460	14.38%
Executive Administration	1,237,487	1,195,093	42,394	3.55%
School Administration	2,308,439	2,378,636	(70,197)	-2.95%
Operation & Maintenance of Plant	2,990,636	2,394,056	596,580	24.92%
Student Transportation	300,225	259,557	40,668	15.67%
Non-Instructional Services	947,433	1,021,894	(74,461)	-7.29%
Interest on Long-Term Debt	229,448	2,078,527	(1,849,079)	-88.96%
Depreciation - Unallocated	1,400,005	1,400,005	-	0.00%
Total Expenses	<u>33,832,597</u>	<u>33,016,433</u>	<u>816,164</u>	<u>2.47%</u>
Program Revenues				
Charges for Services	4,962,201	4,080,868	881,333	21.60%
Operating Grants & Contributions	2,426,287	2,243,392	182,895	8.15%
Capital Grants & Contributions	315,904	332,377	(16,473)	-4.96%
General Revenue				
School District Assessment	27,066,560	26,106,610	959,950	3.68%
Unrestricted Investment Income	85,059	41,831	43,228	103.34%
Miscellaneous	295,753	608,062	(312,309)	-51.36%
Total Revenues	<u>35,151,764</u>	<u>33,413,140</u>	<u>1,738,624</u>	<u>5.20%</u>
Change in Net Position	1,319,167	396,707	922,460	232.53%
Net Position, beginning as restated	13,998,037	13,601,330	396,707	2.92%
Net Position, ending	<u>\$ 15,317,204</u>	<u>\$ 13,998,037</u>	<u>\$ 1,319,167</u>	<u>9.42%</u>

FUND FINANCIAL STATEMENTS

General Fund

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

Exhibit D details general fund activity for FY2024. Budgeted revenues (excluding prior year’s fund balance of \$400,000) and transfers in totaled \$30,738,466, while actual revenues equaled \$31,049,236, a favorable variance of \$310,770. There were no unfavorable receipt results. Many revenues came in significantly more than expected including: Tuition income at \$117,232; Interest income at \$61,730; and miscellaneous income \$104,059. At \$27,066,560, assessments from the two member districts comprise 87.2% of general fund revenues.

Against budgeted expenditures of \$31,138,466 and prior year encumbrances of \$82,600 the district expended or encumbered \$30,928,794, leaving \$209,672 (0.67%) unexpended. The most significant budget

Dresden School District
Management Discussion and Analysis for the Year Ended June 30, 2024

variances are in “Instructional Programming”, under budget by \$130,653; “Support Services-Instructional Staff,” under budget by \$38,804; “Support Services-General & School Administration,” under budget by \$131,112; “Operation and Maintenance of Plant,” under budget by \$105,028 and “Student Transportation,” over budget by (\$47,685). The remaining areas of Debt Service and Facilities Acquisition/Construction over budget by (\$61,345).

The cost of direct instruction makes up 57.9% of all general fund expenditures, while Support Services comprise 28.9% of all general fund expenditures. The remaining 13.2% includes debt service, facilities and transfers.

Other Funds

Activity for the Richmond Middle School Food Service, March Intensive, Special Gifts, and Cable Drop Project Fund are shown on Schedules 4 and 5. Reported fund balances are \$-0-; \$35,164; \$162,907; and \$-0- respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2024, the District reported capital assets of \$33,948,852 (net of accumulated depreciation), on a range of capital assets, including land and improvements, buildings and improvements, vehicles, equipment, and construction work in progress. The district annually invests in new furnishings, computers and peripherals, printed media, music, and athletic equipment.

Statement of Capital Assets

	June 30, 2024	June 30, 2023	Increase (Decrease)	% Change
Not Being Depreciated:				
Land	\$ 1,880,377	\$ 1,880,377	\$ -	0.00%
Construction in Progress	-	809,113	(809,113)	-100.00%
Total Capital Assets Not Being Depreciated	1,880,377	2,689,490	(809,113)	-30.08%
Being Depreciated:				
Land Improvements	13,099,094	10,927,645	2,171,449	19.87%
Building and Building Improvements	41,829,125	41,771,748	57,377	0.14%
Machinery, Equipment, and Vehicles	3,728,688	3,658,069	70,619	1.93%
Infrastructure	702,707	20,239	682,468	3372.04%
Total Capital Assets Being Depreciated	59,359,614	56,377,701	2,981,913	5.29%
Total All Capital Assets	61,239,991	59,067,191	2,172,800	3.68%
Less Accumulated Depreciation:				
Land Improvements	(4,339,469)	(4,041,739)	(297,730)	7.37%
Building and Building Improvements	(19,921,740)	(18,937,310)	(984,430)	5.20%
Machinery, Equipment, and Vehicles	(2,997,181)	(2,760,216)	(236,965)	8.59%
Infrastructure	(32,749)	(14,675)	(18,074)	123.16%
Total accumulated depreciation	(27,291,139)	(25,753,940)	(1,537,199)	5.97%
Net Book Value, capital assets being depreciated	32,068,475	30,623,761	1,444,714	4.72%
Net Book Value, all capital assets	\$ 33,948,852	\$ 33,313,251	\$ 635,601	1.91%

Long-Term Debt

The District has three general obligation bond issues and three notes outstanding. Two of these were issued for school construction and renovation projects during FY2004 and FY2007. The original principal for each was \$4,000,000 and \$2,526,000 respectively. The District has three debt issuances, one during the 2019-20 fiscal year for \$900,000 for athletic field construction and upgrades; one during the

Dresden School District
Management Discussion and Analysis for the Year Ended June 30, 2024

2021-22 fiscal year for technology infrastructure upgrades \$441,958 and the most recent in 2022-23 for track and baseball field upgrades \$1,837,000. The first three issues were for twenty-year terms. The fourth issue is for fifteen years, with the intention of paying it off in full in year six, the fifth issue was for a five year term and the sixth issue was for a fifteen year term.

	Long Term Liabilities			
	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Direct placements	\$ 379,520	\$ 1,757,650	\$ (1,378,130)	-78.41%
Direct borrowing - Note payable	2,714,149	3,043,036	(328,887)	-10.81%
Premium on bonds	7,818	44,721	(36,903)	-82.52%
Compensated Absences	177,511	149,010	28,501	19.13%
Net Other Postemployment Benefits:				
NHRS	666,616	762,694	(96,078)	-12.60%
Single Employer	4,678,493	4,603,096	75,397	1.64%
Net Pension Liability	12,778,120	13,450,581	(672,461)	-5.00%
Total Long-Term Debt Outstanding	<u>\$ 21,402,227</u>	<u>\$ 23,810,788</u>	<u>\$ (2,408,561)</u>	<u>-10.12%</u>

FUTURE BUDGETARY IMPLICATIONS

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

Contacting School District's Financial Management

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

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

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 886,688
Investments	163,852
Accounts receivable	68,371
Intergovernmental receivable	199,723
Prepaid items	733
Capital assets, not being depreciated	1,880,377
Capital assets, net of accumulated depreciation	32,068,475
Total assets	35,268,219
DEFERRED OUTFLOWS OF RESOURCES	
	3,144,323
LIABILITIES	
Accounts payable	337,238
Accrued interest payable	36,823
Noncurrent obligations:	
Due within one year	477,971
Due in more than one year	20,924,256
Total liabilities	21,776,288
DEFERRED INFLOWS OF RESOURCES	
	1,319,050
NET POSITION	
Net investment in capital assets	30,847,365
Restricted	162,907
Unrestricted	(15,693,068)
Total net position	\$ 15,317,204

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

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

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 21,643,103	\$ 4,163,319	\$ 2,404,226	\$ -	\$(15,075,558)
Support services:					
Student	1,805,956	-	-	-	(1,805,956)
Instructional staff	878,734	-	22,061	-	(856,673)
General administration	91,131	-	-	-	(91,131)
Executive administration	1,237,487	-	-	-	(1,237,487)
School administration	2,308,439	-	-	-	(2,308,439)
Operation and maintenance of plant	2,990,636	32,521	-	-	(2,958,115)
Student transportation	300,225	-	-	-	(300,225)
Noninstructional services	947,433	766,361	-	-	(181,072)
Interest on long-term debt	229,448	-	-	315,904	86,456
Depreciation - unallocated	1,400,005	-	-	-	(1,400,005)
Total governmental activities	<u>\$ 33,832,597</u>	<u>\$ 4,962,201</u>	<u>\$ 2,426,287</u>	<u>\$ 315,904</u>	<u>(26,128,205)</u>
General revenues:					
School district assessment					27,066,560
Interest					85,059
Miscellaneous					295,753
Total general revenues					<u>27,447,372</u>
Change in net position					1,319,167
Net position, beginning, as restated (see Note 16)					13,998,037
Net position, ending					<u>\$ 15,317,204</u>

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

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

	General	Grants	High School Food Service	Athletic Fields	Student Activity Funds	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 559,001	\$ -	\$ 82,563	\$ (148,718)	\$ 177,437	\$ 216,405	\$ 886,688
Investments	100,319	-	-	-	63,533	-	163,852
Accounts receivable	62,947	-	5,424	-	-	-	68,371
Intergovernmental receivables	-	199,723	-	-	-	-	199,723
Interfund receivables	286,963	-	-	-	44,184	-	331,147
Prepaid items	128,513	-	-	-	-	-	128,513
Total assets	<u>\$ 1,137,743</u>	<u>\$ 199,723</u>	<u>\$ 87,987</u>	<u>\$ (148,718)</u>	<u>\$ 285,154</u>	<u>\$ 216,405</u>	<u>\$ 1,778,294</u>
LIABILITIES							
Accounts payable	\$ 165,426	\$ 54,426	\$ 87,987	\$ 11,065	\$ -	\$ 18,334	\$ 337,238
Interfund payable	44,184	145,297	-	141,666	-	-	331,147
Total liabilities	<u>209,610</u>	<u>199,723</u>	<u>87,987</u>	<u>152,731</u>	<u>-</u>	<u>18,334</u>	<u>668,385</u>
DEFERRED INFLOWS OF RESOURCES	<u>7,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,553</u>
FUND BALANCES (DEFICIT)							
Nonspendable	128,513	-	-	-	-	-	128,513
Restricted	-	-	-	-	-	162,907	162,907
Committed	-	-	-	-	-	35,164	35,164
Assigned	387,684	-	-	-	285,154	-	672,838
Unassigned (deficit)	404,383	-	-	(301,449)	-	-	102,934
Total fund balances (deficit)	<u>920,580</u>	<u>-</u>	<u>-</u>	<u>(301,449)</u>	<u>285,154</u>	<u>198,071</u>	<u>1,102,356</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 1,137,743</u>	<u>\$ 199,723</u>	<u>\$ 87,987</u>	<u>\$ (148,718)</u>	<u>\$ 285,154</u>	<u>\$ 216,405</u>	<u>\$ 1,778,294</u>

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

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

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,102,356
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	\$ 61,239,991	
Less accumulated depreciation	<u>(27,291,139)</u>	33,948,852
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	\$ 2,677,928	
Deferred inflows of resources related to pensions	(360,165)	
Deferred outflows of resources related to OPEB:		
NHRS	66,235	
Single Employer	400,160	
Deferred inflows of resources related to OPEB:		
Single Employer	<u>(951,332)</u>	1,832,826
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (331,147)	
Payables	<u>331,147</u>	-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(36,823)
Repayment of long-term liabilities not due until subsequent year are recorded in the governmental funds as prepaid items, but reduce the liability on the government-wide financial statements.		
		(127,780)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds/notes	\$ 3,093,669	
Unamortized bond premium	7,818	
Compensated absences	177,511	
Net pension liability	12,778,120	
Other postemployment benefits:		
NHRS	666,616	
Single Employer	<u>4,678,493</u>	<u>(21,402,227)</u>
Net position of governmental activities (Exhibit A)		<u>\$ 15,317,204</u>

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

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

	General	Grants	High School Food Service	Athletic Fields	Student Activity Funds	Other Governmental Funds	Total Governmental Funds
REVENUES							
School district assessment	\$ 27,066,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,066,560
Other local	3,626,843	-	547,697	33,000	599,524	535,949	5,343,013
State	355,833	114,753	-	-	-	-	470,586
Federal	-	243,918	-	-	-	-	243,918
Total revenues	<u>31,049,236</u>	<u>358,671</u>	<u>547,697</u>	<u>33,000</u>	<u>599,524</u>	<u>535,949</u>	<u>33,124,077</u>
EXPENDITURES							
Current:							
Instruction	17,907,922	336,610	-	-	608,494	313,812	19,166,838
Support services:							
Student	1,787,566	-	-	-	-	-	1,787,566
Instructional staff	855,153	22,061	-	-	-	-	877,214
General administration	91,131	-	-	-	-	-	91,131
Executive administration	1,237,487	-	-	-	-	-	1,237,487
School administration	2,274,199	-	-	-	-	-	2,274,199
Operation and maintenance of plant	2,399,111	-	-	-	-	-	2,399,111
Student transportation	300,225	-	-	-	-	-	300,225
Noninstructional services	-	-	692,465	-	-	254,065	946,530
Debt service:							
Principal	2,116,459	-	-	-	-	-	2,116,459
Interest	1,577,329	-	-	-	-	-	1,577,329
Facilities acquisition and construction	205,745	-	-	2,053,603	-	-	2,259,348
Total expenditures	<u>30,752,327</u>	<u>358,671</u>	<u>692,465</u>	<u>2,053,603</u>	<u>608,494</u>	<u>567,877</u>	<u>35,033,437</u>
Excess (deficiency) of revenues over (under) expenditures	<u>296,909</u>	<u>-</u>	<u>(144,768)</u>	<u>(2,020,603)</u>	<u>(8,970)</u>	<u>(31,928)</u>	<u>(1,909,360)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	162,150	-	-	14,317	176,467
Transfers out	(176,467)	-	-	-	-	-	(176,467)
Total other financing sources (uses)	<u>(176,467)</u>	<u>-</u>	<u>162,150</u>	<u>-</u>	<u>-</u>	<u>14,317</u>	<u>-</u>
Net change in fund balances	120,442	-	17,382	(2,020,603)	(8,970)	(17,611)	(1,909,360)
Fund balances (deficit), beginning as restated (see Note 16)	800,138	-	(17,382)	1,719,154	294,124	215,682	3,011,716
Fund balances (deficit), ending	<u>\$ 920,580</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (301,449)</u>	<u>\$ 285,154</u>	<u>\$ 198,071</u>	<u>\$ 1,102,356</u>

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

EXHIBIT C-4
DRESDEN SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

Net change in fund balances of total governmental funds (Exhibit C-3)		\$(1,909,360)
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. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 2,172,800	
Depreciation expense	<u>(1,537,199)</u>	635,601
On-behalf contributions by the State of Vermont to the Vermont State Teachers' Retirement System to cover the School District's share of the expense.		
Contributions related to pension liability	\$ 1,883,529	
Pension expense	(1,883,529)	
Contributions related to other postemployment benefits liability	144,158	
Other postemployment benefits expense	<u>(144,158)</u>	-
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (176,467)	
Transfers out	<u>176,467</u>	-
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Neither transaction, however, has any effect on net position.		
Principal repayment of bonds/notes	\$ 1,707,017	
Amortization of bond premium	<u>36,903</u>	1,743,920
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	\$ 1,347,881	
Increase in compensated absences payable	(28,501)	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	(285,004)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(185,370)</u>	849,006
Change in net position of governmental activities (Exhibit B)		<u><u>\$ 1,319,167</u></u>

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

EXHIBIT D
DRESDEN SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
School district assessment	\$ 27,066,560	\$27,066,560	\$ -
Other local	3,327,302	3,626,843	299,541
State	344,604	355,833	11,229
Total revenues	<u>30,738,466</u>	<u>31,049,236</u>	<u>310,770</u>
EXPENDITURES			
Current:			
Instruction	18,038,575	17,907,922	130,653
Support services:			
Student	1,794,358	1,787,566	6,792
Instructional staff	893,957	855,153	38,804
General administration	65,769	91,131	(25,362)
Executive administration	1,237,487	1,237,487	-
School administration	2,430,673	2,274,199	156,474
Operation and maintenance of plant	2,504,319	2,399,111	105,208
Student transportation	252,540	300,225	(47,685)
Debt service:			
Principal	2,086,141	2,116,459	(30,318)
Interest	1,526,547	1,577,329	(50,782)
Facilities acquisition and construction	225,500	205,745	19,755
Total expenditures	<u>31,055,866</u>	<u>30,752,327</u>	<u>303,539</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(317,400)</u>	<u>296,909</u>	<u>614,309</u>
OTHER FINANCING USES			
Transfers out	<u>(82,600)</u>	<u>(176,467)</u>	<u>(93,867)</u>
Net change in fund balance	<u>\$ (400,000)</u>	120,442	<u>\$ 520,442</u>
Decrease in nonspendable fund balance		20,910	
Increase in assigned fund balance (non-encumbrances)		(116,463)	
Unassigned fund balance, beginning, as restated (see Note 16)		379,494	
Unassigned fund balance, ending		<u>\$ 404,383</u>	

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

EXHIBIT E-1
DRESDEN SCHOOL DISTRICT
Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2024

	Private Purpose Trust
ASSETS	
Intergovernmental receivable	<u>\$ 46,895</u>
NET POSITION	
Restricted	<u>\$ 46,895</u>

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

EXHIBIT E-2
DRESDEN SCHOOL DISTRICT
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2024

	Private Purpose Trust
ADDITIONS	
Change in fair market value	\$ 4,153
Investment earnings	2,320
Total additions	6,473
DEDUCTIONS	
Benefits paid	1,943
Change in net position	4,530
Net position, beginning	42,365
Net position, ending	\$46,895

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

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

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DRESDEN SCHOOL DISTRICT
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AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

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DRESDEN 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 Dresden 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 Dresden School District's significant accounting policies are described below.

1-A Reporting Entity

The Dresden School District is a municipal corporation governed by an elected 12-member School Board. In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14*. The School District has no component units to include in its reporting entity.

1-B Government-wide and Fund Financial Statements

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

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

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

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

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*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

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

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 grants, and other local sources. The primary expenditures are for instruction, support services, debt service, and facilities acquisition and construction. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* guidance, the district portion of the student activity funds are consolidated in the general fund.

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.

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

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

Student Activity Funds– the activity funds are used to account for monies used to support co-curricular and extra-curricular student activities.

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

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

1-D Cash and Cash Equivalents

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

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

1-E Investments

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

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

- Obligations of the United States government;
- The public deposit investment pool established pursuant to RSA 383:22;

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

- Savings bank deposits; and
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

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

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

Level 1 – 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.

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

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

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

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

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

1-I Interfund Activities

Interfund activities are reported as follows:

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

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

1-J Deferred Outflows/Inflows of Resources

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

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

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 the fund financial statements, governmental fund types report bond premiums during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources.

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

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

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

1-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.

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

1-N Postemployment Benefits Other Than Pensions (OPEB)

The School District maintains three 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.

Vermont State Teachers' Retirement System Plan (VSTRS) – The School District is a member of the VSTRS, a cost-sharing multiple employer OPEB plan with special funding situation as defined in GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The State of Vermont is the sole contributor to the plan and is considered a nonemployer contributing entity. Employer contributions are required by statute to be made by the State on behalf of member employers. Since the School District does not contribute directly to VSTRS, there is no net OPEB liability, deferred inflows of resources, or deferred outflows of resources to report in the School District's financial statements. The School District does disclose their portion of the State's total proportionate share of the collective net OPEB liability, deferred outflows of resources, and deferred inflows of resources as noted in Note 13-B. The School District recognizes OPEB expense and revenue equal to the amount of the State's total proportionate share of the collective OPEB expense associated with the School District.

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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, notes, or other debt attributable to the acquisition, construction, or improvement of those assets.

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

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

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

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

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

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

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

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

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

In accordance with RSA 198:4-bII, *Contingency Fund*, the School District voted to retain general fund unassigned fund balance of \$385,878 which is less than 5.0% of the net 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.

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1-Q Material Change in Classification

The accompanying financial statements reflect a change in classification from the prior year. Specifically, the grants and student activity funds qualified as major funds for current fiscal year. As such, they were reclassified from the nonmajor governmental funds.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2024, \$400,000 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

While the School District reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual is presented for each major governmental fund which had a budget. There was no difference between budgetary and GAAP basis of accounting for the general fund in the current fiscal year.

2-C Deficit Fund Balance

The athletic fields fund had a fund deficit of \$301,449 at June 30, 2024. This deficit is a result of over expenditure of the project budget. The School District plans to transfer funds from the general fund to cover this deficit in the next few years.

2-D 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 \$886,688 and the bank balances totaled \$3,164,741. Petty cash totaled \$600.

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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 fair value and cost measurements as of June 30, 2024:

	Fair Value Hierarchy
	<u>Total</u>
Investments carried at amortized cost:	
NH Public Deposit Investment Pool	<u>\$ 163,852</u>

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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The School District’s investments in the NH Public Deposit Investment Pool are exempt from this disclosure.

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 in the NH Public Deposit Investment Pool are exempt from this disclosure.

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’s investment in the NH Public Deposit Investment Pool are exempt from this disclosure.

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. Receivables are recorded on the School District’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

NOTE 6 – PREPAID ITEMS

Prepaid items at June 30, 2024 consisted of the following:

	Governmental Activities	General Fund
Computer lease	\$ -	\$ 127,780 *
Miscellaneous	733	733
Total prepaid items	<u>\$ 733</u>	<u>\$ 128,513</u>

*Not recognized on the full accrual basis of accounting.

DRESDEN SCHOOL DISTRICT
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NOTE 7 – CAPITAL ASSETS

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

	Balance, beginning	Additions	Retirements	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 1,880,377	\$ -	\$ -	\$ 1,880,377
Construction in progress	809,113	-	(809,113)	-
Total capital assets not being depreciated	<u>2,689,490</u>	<u>-</u>	<u>(809,113)</u>	<u>1,880,377</u>
Being depreciated:				
Land improvements	10,927,645	2,171,449	-	13,099,094
Buildings and building improvements	41,771,748	57,377	-	41,829,125
Machinery, equipment, and vehicles	3,658,069	70,619	-	3,728,688
Infrastructure	20,239	682,468	-	702,707
Total capital assets being depreciated	<u>56,377,701</u>	<u>2,981,913</u>	<u>-</u>	<u>59,359,614</u>
Total capital assets	<u>59,067,191</u>	<u>2,981,913</u>	<u>(809,113)</u>	<u>61,239,991</u>
Less accumulated depreciation:				
Land improvements	(4,041,739)	(297,730)	-	(4,339,469)
Buildings and building improvements	(18,937,310)	(984,430)	-	(19,921,740)
Machinery, equipment, and vehicles	(2,760,216)	(236,965)	-	(2,997,181)
Infrastructure	(14,675)	(18,074)	-	(32,749)
Total accumulated depreciation	<u>(25,753,940)</u>	<u>(1,537,199)</u>	<u>-</u>	<u>(27,291,139)</u>
Net book value, capital assets being depreciated	<u>30,623,761</u>	<u>1,444,714</u>	<u>-</u>	<u>32,068,475</u>
Net book value, all capital assets	<u>\$ 33,313,251</u>	<u>\$ 1,444,714</u>	<u>\$ (809,113)</u>	<u>\$ 33,948,852</u>

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	\$ 88,482
Support services:	
Operation and maintenance of plant	8,537
Unallocated	1,440,180
Total depreciation expense	<u>\$ 1,537,199</u>

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

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

Receivable Fund	Payable Fund	Amount
General	Grants	\$ 145,297
General	Athletic Fields	141,666
Student Activities	General	44,184
		<u>\$ 331,147</u>

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

	Transfers In:		
	High School	Food Service	Nonmajor
	Fund	Funds	Total
Transfers out:			
General fund	<u>\$ 162,150</u>	<u>\$ 14,317</u>	<u>\$ 176,467</u>

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NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

	Governmental Activities
Amounts related to pensions, see Note 11-A	\$ 2,677,928
Amounts related to OPEB:	
NHRS, see Note 13-A	66,235
Single Employer, see Note 13-C	400,160
Total deferred outflows of resources	\$ 3,144,323

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

	Governmental Activities
Fall participation fees and donation	\$ 7,553
Amounts related to pensions, see Note 11-A	360,165
Amounts related to OPEB:	
Single Employer, see Note 13-C	951,332
Total deferred inflows of resources	\$ 1,319,050

NOTE 10 – LONG-TERM LIABILITIES

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

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year	Due In More Than One Year
Direct placements - Bonds payable	\$ 1,757,650	\$ -	\$(1,378,130)	\$ 379,520	\$ 214,918	\$ 164,602
Direct borrowings - Notes payable	3,043,036	-	(328,887)	2,714,149	260,447	2,453,702
Premium on bonds	44,721	-	(36,903)	7,818	2,606	5,212
Compensated absences	149,010	28,501	-	177,511	-	177,511
Pension related liability	13,450,581	-	(672,461)	12,778,120	-	12,778,120
Net other postemployment benefits:						
NHRS	762,694	-	(96,078)	666,616	-	666,616
Single Employer	4,603,096	75,397	-	4,678,493	-	4,678,493
Total long-term liabilities	\$23,810,788	\$ 103,898	\$(2,512,459)	\$21,402,227	\$ 477,971	\$ 20,924,256

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

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2024
Bonds payable:					
Direct placements:					
School construction	\$ 4,000,000	2004	2025	4.47%	\$ 126,901
School improvements	\$ 2,526,000	2007	2027	4.08%	252,619
Total direct placements					\$ 379,520
Notes payable:					
Direct borrowings:					
Turf field	\$ 900,000	2020	2035	2.80%	\$ 660,000
Cable drop	\$ 441,958	2022	2026	2.50%	271,976
Athletic fields	\$ 1,837,000	2023	2038	2.55%	1,782,173
Total direct borrowings					\$2,714,149

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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 June 30,	Bonds - Direct Placements			Notes - Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 214,918	\$ 286,032	\$ 500,950	\$ 260,447	\$ 69,311	\$ 329,758
2026	83,443	105,957	189,400	265,677	62,401	328,078
2027	81,159	111,240	192,399	270,896	55,503	326,399
2028	-	-	-	181,011	48,472	229,483
2029	-	-	-	184,023	43,780	227,803
2030-2034	-	-	-	969,954	143,859	1,113,813
2035-2038	-	-	-	582,141	27,790	609,931
Totals	<u>\$ 379,520</u>	<u>\$ 503,229</u>	<u>\$ 882,749</u>	<u>\$ 2,714,149</u>	<u>\$ 451,116</u>	<u>\$ 3,165,265</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
March 4, 2014	Fieldwork at Dresden fields	\$ 225,000
March 2 2021	Technology infrastructure upgrades	400,806
		<u>\$ 625,806</u>

NOTE 11 – DEFINED BENEFIT PENSION PLAN

11-A New Hampshire Retirement System (NHRS)

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

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

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

Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service.

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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 \$1,322,470 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 \$12,778,120 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 0.23% which was the same as its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized pension expense of \$1,624,458. 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	\$ 507,843	\$ 355,030
Net difference between projected and actual investment earnings on pension plan investments	184,793	-
Changes in assumptions	336,313	-
Differences between expected and actual experience	326,509	5,135
Contributions subsequent to the measurement date	1,322,470	-
Total	<u>\$ 2,677,928</u>	<u>\$ 360,165</u>

The \$1,322,470 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	\$ 536,785
2025	(205,593)
2026	736,061
2027	(71,960)
Thereafter	-
Totals	<u>\$ 995,293</u>

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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. Following is a table presenting target allocations and long-term rates of return for 2023:

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

Discount Rate – The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan’s actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan’s fiduciary net position was projected 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	Current Single Rate Assumption	
	1% Decrease 5.75%	1% Increase 7.75%
June 30, 2023	<u>\$ 17,338,362</u>	<u>\$ 12,778,120</u>
		<u>\$ 8,881,672</u>

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

11-B Vermont State Teachers’ Retirement System (VSTRS)

Plan Description – The Vermont State Teachers’ Retirement System (VSTRS) is a cost-sharing, multi-employer defined benefit plan with a special funding situation. It covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered in classes is a condition of employment. During the year ended June 30, 2023, the plan consisted of 139 participating employers.

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

The Pension Plan is divided into the following membership groups:

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

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

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

(Continued)

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Vermont State Teachers' Retirement System (VSTRS) continued:

VSTRS	Group A	Group C - Group #1*	Group C - Group #2++
Disability Benefit	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently

*Group #1 are members who were within 5 years of normal retirement (age 62 or 30 years of service) on June 30, 2010.

++ Group #2 are members who were less than 57 years of age or had less than 25 years of service on June 30, 2010.

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

Contributions – Title 16, V.S.A. Chapter 55 of Vermont Statutes grants the authority to the Board of Trustees of the VSTRS to annually review the amount of State Contributions recommended by the actuary of the VSTRS in order to achieve and preserve the financial integrity of the fund and submit this recommendation to the Governor and both houses of the Legislature. Nonemployer contribution rates for each group varies based on actuarial recommendations. Contribution requirements for the Vermont Teachers' Retirement System were 5.0% of gross salary from employees only (no employer contribution; State contributes 100% of employer portion based on actuarial recommendation) with the State contributing \$1,456,965 for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions - 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 that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. For the year ended June 30, 2024, the School District recorded pension expense of \$1,883,529, which has also been recognized as both a pension expense and intergovernmental revenue on the Statement of Activities. At June 30, 2023, the School District's proportion was 0.77% which was an increase of 0.03% in its proportion measured as of June 30, 2022.

At June 30, 2024, the School District disclosed a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the School District. The State's portion of the collective net pension liability that was associated with the District was \$14,485,197.

At June 30, 2024, the School District disclosed deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 542,879	\$ 1,231,308
Net difference between projected and actual investment earnings on pension plan investments	681,752	-
Changes in assumptions	-	114,954
Differences between expected and actual experience	711,567	-
Total	<u>\$ 1,936,198</u>	<u>\$ 1,346,262</u>

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

Fiscal Year Ending June 30,	
2024	\$ 92,675
2025	2,239
2026	586,309
2027	(176,677)
2028	85,390
Thereafter	-
Totals	<u>\$ 589,936</u>

Actuarial Assumptions: The total pension liability for the June 30, 2023, measurement date was determined by rolling forward the total pension liability as of June 30, 2022, to June 30, 2023. The total pension liability was calculated using the following actuarial assumptions:

Investment rate of return	7.00% net of pension plan investment expense, including inflation
Inflation	2.30% per year
Salary increases	Ranging from 3.19% to 8.50%
Cost of Living Adjustment	2.30% for Group A members and 1.20% for Group C members.
Mortality rates	Pre-Retirement: PubT-2010 Teacher Employee Table with generational projections using scale MP-2021.
Retiree Healthy	Post-retirement PubT-2010 Teacher Employee Table with generational projects using scale MP-2021.
Beneficiary Healthy	Post-Retirement Pub-2010 Contingent Survivor Table with generational projection using scale MP-2021.
Disabled Post-Retirement	PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2021.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	44.00%	5.35%
Private Equity	10.00%	7.50%
Emerging Markets Debt	2.00%	5.00%
Private & Alternative Credit	10.00%	5.50%
Non-Core Real Estate	4.00%	5.50%
Core Fixed Income	19.00%	1.50%
Core Real Estate	4.00%	3.25%
U.S. TIPS	2.00%	1.50%
Infrastructure/Farmland	5.00%	4.25%
Total	<u>100.00%</u>	

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

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

Actuarial Valuation Date	1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
June 30, 2023	<u>\$18,658,580</u>	<u>\$ 14,485,197</u>	<u>\$11,004,984</u>

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

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

NOTE 12 – SUPPLEMENTAL RETIREMENT PLAN

All employees employed by the School District participate in a defined contribution pension plan administered by Omni Group, Inc. Participation begins immediately upon employment. The School District has no requirement or obligation under State Statutes to contribute to this plan, however the School District has adopted the Supplemental Retirement Plan 403(b) for its employees. The School Board has the authority to establish and amend the benefit provisions and contribution requirements of the plan. The School District contributes between 2-4% of each employee’s salary and all amounts contributed are vested immediately. Also, employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2024 were \$1,193,476 which consisted of \$294,488 from the School District and \$898,988 from employees.

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

13-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2023 Comprehensive Annual Financial Report, which can be found on the system’s website at www.nhrs.org.

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

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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 \$65,434, 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 \$666,616 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 0.20% which was the same as its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized OPEB expense of \$9,417. 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
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 801	\$ -
Contributions subsequent to the measurement date	65,434	-
Total	\$ 66,235	\$ -

The \$65,434 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	\$ (133)
2025	(1,012)
2026	2,166
2027	(220)
Thereafter	-
Totals	\$ 801

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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	50.00%	
Real Estate Equity	10.00%	4.40%
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 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	\$ 724,011	\$ 666,616	\$ 616,541

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.

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

13-B Vermont State Teachers’ Retirement System (VSTRS)

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

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2023, the plan consisted of 139 participating employers. Vermont Statute Title 16 Chapter 55 assigns the authority to VSTRS to establish and amend the benefits provisions of the Plan and to establish maximum obligations of the Plan members to contribute to the Plan. Management of the Plan is vested in the Vermont State Teachers' Retirement System Board of Trustees, which consists of the Secretary of Education (es-officio); the State Treasurer (ex-officio); the Commissioner of Financial Regulation (ex-officio); two trustees and one alternate who are members of the system (each elected by the system under rules adopted by the Board) and one trustee and one alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont).

VSTRS retirees and their spouses are eligible for health coverage if the retiree is eligible for OPEB benefits. OPEB eligibility requirements are as follows:

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

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

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

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2024, the School District disclosed a liability of \$5,495,688 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023. For the year ended June 30, 2024, the School District recorded OPEB expense of \$144,158, which has been recognized as both an OPEB expense and intergovernmental revenue on the Statement of Activities.

At June 30, 2024, the School District disclosed deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 450,019	\$ 817,831
Changes in assumptions	388,816	2,916,586
Differences between expected and actual experience	291,693	-
Difference between projected and actual investment earnings	-	19,373
Total	\$ 1,130,528	\$ 3,753,790

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

Fiscal Year Ending June 30,	
2024	\$ (570,805)
2025	(616,895)
2026	(617,970)
2027	(697,289)
2028	(156,273)
Thereafter	35,970
Totals	<u>\$ (2,623,262)</u>

Actuarial Assumptions The net OPEB liability was measured as of June 30, 2023. The total OPEB liability was determined from an actuarial valuation using data as of June 30, 2022, using the following actuarial assumptions:

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

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

Service	Annual Rate of Salary Increase (%)
20	8.50
25	7.53
30	6.36
35	5.77
40	5.27
45	4.67
50	4.18
55	3.77
60	3.57
65	3.19

Inflation 2.30%

Healthcare Cost Trend Rates Non-Medicare – 7.39% graded to 4.50% over 12 years.
 Medicare – 6.90% graded to 4.50% over 12 years.

Pre-retirement Mortality PubT-2010 Teacher Employee Headcount-Weighted Table with generational projections using scale MP-2021.

Post-retirement Mortality Retirees: PubT-2010 Teacher Health Retiree Headcount-Weighted Table with generational projections using scale MP-2021.
 Spouses: Pub-2010 Contingent Survivor Headcount-Weighted Table with generational projection using scale MP-2021.

Disabled Mortality PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2021.

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

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These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.00%	5.35%
US Aggregate Fixed Income	19.00%	1.50%
Emerging Markets Debt (Hard)	4.00%	5.00%
TIPS	3.00%	1.50%
Private Credit	10.00%	5.50%
Real Estate	11.00%	3.25%
Private Equity	10.00%	7.50%
Total	<u>100.00%</u>	

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

Sensitivity of the School District’s OPEB Liability to Changes in the Discount Rate – The June 30, 2022, actuarial valuation was prepared using a discount rate of 7.00%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$4,816,744 or by 12.35%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$6,313,037 or by 14.87%.

Actuarial Valuation Date	1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
June 30, 2023	<u>\$ 6,313,037</u>	<u>\$ 5,495,688</u>	<u>\$ 4,816,744</u>

Sensitivity of the School District’s OPEB Liability to Changes in the Healthcare Cost Trend Rates – The June 30, 2022, actuarial valuation was prepared using an initial trend rate of 7.39%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$6,458,188 or by 17.51%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$4,725,188 or by 14.02%.

Actuarial Valuation Date	1% Decrease 6.12%	Health Cost Trend Rate 7.39%	1% Increase 8.12%
June 30, 2023	<u>\$ 4,725,188</u>	<u>\$ 5,495,688</u>	<u>\$ 6,458,188</u>

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

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

DRESDEN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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13-C Retiree Health Benefit Program

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

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

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

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	365
Total participants covered by OPEB plan*	377

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

Total OPEB Liability – The School District’s total OPEB liability of \$4,678,493 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2024. The School District contracts with an outside actuary to complete the actuarial valuation and schedule of changes in the total OPEB liability. Detailed information can be found in the separately issued report through request of the School District business office.

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

Discount Rate:	4.21%
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 SOA Pub-2010 Teacher, General or Continuing Survivor Headcount Weighted Mortality Table fully generational using scale MP-2021.

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

Changes in the Total OPEB Liability

	June 30,	
	2023	2024
Total OPEB liability, beginning of year	\$ 4,379,377	\$ 4,603,096
Changes for the year:		
Service cost	209,635	189,919
Interest	185,414	202,768
Changes in benefit terms	70,100	(23,870)
Assumption changes and difference between actual and expected experience	(107,052)	(82,788)
Benefit payments	(134,378)	(210,632)
Total OPEB liability, end of year	<u>\$ 4,603,096</u>	<u>\$ 4,678,493</u>

Sensitivity of the School District's OPEB Liability to Changes in the Discount Rate – The July 1, 2024, 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 \$4,380,307 or by 6.37%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$4,993,992 or by 6.74%.

	Discount Rate		
	1% Decrease	Baseline 4.21%	1% Increase
Total OPEB Liability	<u>\$ 4,993,992</u>	<u>\$ 4,678,493</u>	<u>\$ 4,380,307</u>

Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2024, 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 \$5,019,403 or by 7.29%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$4,373,491 or by 6.52%.

	Healthcare Cost Trend Rates		
	1% Decrease 7.00% Year 1, Decreasing to 3.50%	Baseline 8.00% Year 1, Decreasing to 4.50%	1% Increase 9.00% Year 1, Decreasing to 5.50%
Total OPEB Liability	<u>\$ 4,373,491</u>	<u>\$ 4,678,493</u>	<u>\$ 5,019,403</u>

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 \$238,248. 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	\$ 372,577	\$ 365,114
Differences between expected and actual experience	27,583	586,218
Total	<u>\$ 400,160</u>	<u>\$ 951,332</u>

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

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	\$(135,960)
2025	(75,294)
2026	(89,509)
2027	(96,084)
2028	(110,943)
Thereafter	(43,382)
Totals	<u><u>\$(551,172)</u></u>

NOTE 14 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION

Net position reported on the government-wide and fiduciary fund Statements of Net Position at June 30, 2024 include the following:

	Governmental Activities	Fiduciary Fund
Net investment in capital assets:		
Net book value of all capital assets	\$ 33,948,852	\$ -
Less:		
General obligation bonds/note payable	(3,093,669)	-
Unamortized bond premium	(7,818)	-
Total net investment in capital assets	30,847,365	-
Restricted:		
Special gifts	162,907	-
Held in trust for specific purposes	-	46,895
Total restricted	162,907	46,895
Unrestricted	(15,693,068)	-
Total net position	\$ 15,317,204	\$ 46,895

NOTE 15 – GOVERNMENTAL FUND BALANCES

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

	General Fund	Athletic Fields	Student Activity Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid items	\$ 128,513	\$ -	\$ -	\$ -	\$ 128,513
Restricted:					
Special gifts	-	-	-	162,907	162,907
Committed:					
March intensive	-	-	-	35,164	35,164
Assigned:					
Student activity	1,806	-	285,154	-	286,960
Unassigned - Retained (RSA 198:4-bII)	385,878	-	-	-	385,878
Total assigned fund balance	387,684	-	285,154	-	672,838
Unassigned (deficit)	404,383	(301,449)	-	-	102,934
Total governmental fund balances (deficit)	\$ 920,580	\$ (301,449)	\$ 285,154	\$ 198,071	\$ 1,102,356

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

NOTE 16 – ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

During fiscal year 2024, changes to or within the School District’s financial statements resulted in an error correction which caused adjustments to and restatements of beginning net position and fund balance, as follows:

	Government-wide Statements	General Fund (Exhibit C-3)	General Fund (Exhibit D)	Student Activity Funds	Other Governmental Funds
Net position/fund balance, as previously reported	\$ 13,910,037	\$ 712,138	\$ 291,494	\$ -	\$ 509,806
Error correction:					
Restatement for receivable balance and related revenue not recognized in the prior year	88,000	88,000	88,000	-	-
Change in fund presentation from nonmajor to major	-	-	-	294,124	(294,124)
Net position/fund balance, as restated	<u>\$ 13,998,037</u>	<u>\$ 800,138</u>	<u>\$ 379,494</u>	<u>\$ 294,124</u>	<u>\$ 215,682</u>

NOTE 17 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 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 \$50,358 and \$82,389, 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 18 – CAFETERIA BENEFIT PLAN

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

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

In addition to directing the School District’s contribution to the above categories, eligible employees may elect to contribute pre-tax dollars to these categories. Under no circumstances may an employee direct more than \$5,000 annually 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.

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

NOTE 19 – CONTINGENT LIABILITIES

There are various claims and suits pending against the School District which arose in the normal course of the School District's activities. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Dresden School District.

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

NOTE 20 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through July 8, 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 F
DRESDEN SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 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	0.22%	0.22%	0.22%	0.22%	0.23%	0.22%	0.23%	0.22%	0.23%	0.23%
Proportionate share of the net pension liability	\$8,352,579	\$8,553,450	\$11,811,513	\$10,811,229	\$10,999,686	\$10,440,272	\$14,403,153	\$9,754,197	\$13,450,581	\$12,778,120
Covered payroll (as of the measurement date)	\$6,238,373	\$6,080,252	\$6,484,024	\$6,656,725	\$6,912,743	\$6,755,475	\$7,124,091	\$7,047,829	\$7,799,941	\$7,784,014
Proportionate share of the net pension liability as a percentage of its covered payroll	133.89%	140.68%	182.16%	162.41%	159.12%	154.55%	202.18%	138.40%	172.44%	164.16%
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 G
DRESDEN SCHOOL DISTRICT
Schedule of School District Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 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	\$ 721,915	\$ 724,362	\$ 795,370	\$ 805,333	\$ 965,505	\$ 944,252	\$1,010,440	\$1,354,636	\$1,355,602	\$1,322,470
Contributions in relation to the contractually required contributions	(721,915)	(724,362)	(795,370)	(805,333)	(965,505)	(944,252)	(1,010,440)	(1,354,636)	(1,355,602)	(1,322,470)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$6,238,373	\$6,080,252	\$6,484,024	\$6,656,725	\$6,912,743	\$6,755,475	\$7,047,829	\$7,799,941	\$7,784,014	\$7,931,984
Contributions as a percentage of covered payroll	11.57%	11.91%	12.27%	12.10%	13.97%	13.98%	14.34%	17.37%	17.42%	16.67%

EXHIBIT H
DRESDEN SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of Net Pension Liability
Vermont State Teachers' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 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	0.72%	0.84%	0.80%	0.84%	0.83%	0.85%	0.84%	0.85%	0.74%	0.77%
Proportionate share of the net pension liability	\$ 6,986,591	\$ 9,999,647	\$ 10,491,202	\$ 12,443,979	\$ 12,555,391	\$ 13,292,145	\$ 16,353,804	\$ 14,419,119	\$ 14,304,441	\$ 14,485,197
Covered payroll (as of the measurement date)	\$ 4,069,794	\$ 4,700,264	\$ 5,189,809	\$ 5,547,102	\$ 5,618,489	\$ 5,852,449	\$ 5,982,747	\$ 6,168,237	\$ 5,598,955	\$ 6,129,271
Proportionate share of the net pension liability as a percentage of its covered payroll	171.67%	212.75%	202.15%	224.33%	223.47%	227.12%	273.35%	233.76%	255.48%	236.33%
Plan fiduciary net position as a percentage of the total pension liability	64.02%	58.22%	55.31%	53.98%	54.81%	54.96%	50.00%	58.83%	54.81%	57.48%

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

EXHIBIT I
DRESDEN SCHOOL DISTRICT
Schedule of School District Contributions - Pensions
Vermont State Teachers' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 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	\$ 374,972	\$ 614,462	\$ 586,640	\$ 660,339	\$ 917,143	\$ 968,813	\$1,007,879	\$1,070,793	\$2,333,912	\$1,456,965
Contributions in relation to the contractually required contributions	(374,972)	(614,462)	(586,640)	(660,339)	(917,143)	(968,813)	(1,007,879)	(1,070,793)	(2,333,912)	(1,456,965)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$4,069,794	\$4,700,264	\$5,189,809	\$5,547,102	\$5,618,489	\$5,852,449	\$5,982,747	\$6,168,237	\$5,598,955	\$6,129,271
Contributions as a percentage of covered payroll	9.21%	13.07%	11.30%	11.90%	16.32%	16.55%	16.85%	17.36%	41.68%	23.77%

DRESDEN 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***

New Hampshire Retirement System - NHRS

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

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

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G 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.

Vermont State Teacher's Retirement System - VSTRS

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

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

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.vermonttreasurer.gov/content/retirement/vmrs/financial-reports.

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits H and I represent the actuarial determined costs associated with the School District's pension plan at June 30, 2024. These schedules are presented to illustrate the requirement to show information for 10 years.

EXHIBIT J
DRESDEN SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 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	0.22%	0.22%	0.18%	0.17%	0.19%	0.18%	0.20%	0.20%
School District's proportionate share of the net OPEB liability (asset)	\$ 1,078,258	\$ 1,007,788	\$ 822,752	\$ 748,247	\$ 822,098	\$ 735,154	\$ 762,694	\$ 666,616
School District's covered payroll (as of the measurement date)	\$ 6,484,024	\$ 6,656,725	\$ 6,912,743	\$ 6,755,475	\$ 7,124,091	\$ 7,047,829	\$ 7,799,941	\$ 7,784,014
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	16.63%	15.14%	11.90%	11.08%	11.54%	10.43%	9.78%	8.56%
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 K
DRESDEN SCHOOL DISTRICT
Schedule of School District Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 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	\$ 129,421	\$ 130,637	\$ 79,487	\$ 77,888	\$ 88,241	\$ 87,245	\$ 84,942	\$ 65,434
Contributions in relation to the contractually required contribution	(129,421)	(130,637)	(79,487)	(77,888)	(88,241)	(87,245)	(84,942)	(65,434)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	<u>\$6,484,024</u>	<u>\$6,656,725</u>	<u>\$6,912,743</u>	<u>\$6,755,475</u>	<u>\$7,047,829</u>	<u>\$7,799,941</u>	<u>\$7,784,014</u>	<u>\$7,931,984</u>
Contributions as a percentage of covered payroll	2.00%	1.96%	1.15%	1.15%	1.25%	1.12%	1.09%	0.82%

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

EXHIBIT L
DRESDEN SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of the Net Other Postemployment Benefits Liability
Vermont State Teachers' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2024
Unaudited

Fiscal year-end	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, 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	0.75%	0.74%	0.78%	0.75%	0.78%	0.68%	0.71%
School District's proportionate share of the net OPEB liability (asset)	\$ 7,031,242	\$ 7,089,792	\$ 8,167,437	\$ 9,430,259	\$ 10,004,067	\$ 4,869,227	\$ 5,495,688
School District's covered payroll (as of the measurement date)	\$ 4,422,548	\$ 4,512,281	\$ 5,852,449	\$ 5,982,747	\$ 6,168,237	\$ 5,598,955	\$ 6,129,271
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	158.99%	157.12%	139.56%	157.62%	162.19%	86.97%	89.66%
Plan fiduciary net position as a percentage of the total OPEB liability	(2.94%)	(2.85%)	0.03%	0.69%	1.13%	5.34%	8.48%

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

EXHIBIT M
DRESDEN SCHOOL DISTRICT
Schedule of School District Contributions - Other Postemployment Benefits
Vermont State Teachers' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2024

Unaudited

Fiscal year-end	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, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - *
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 4,422,548	\$ 4,512,281	\$ 5,852,449	\$ 5,982,747	\$ 6,168,237	\$ 5,598,955	\$ 6,129,271
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

EXHIBIT N
DRESDEN SCHOOL DISTRICT
Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios
For the Fiscal Year Ended June 30, 2024

Unaudited

	June 30,						
	2018	2019	2020	2021	2022	2023	2024
OPEB liability, beginning of year	\$ 3,942,287	\$ 3,750,480	\$ 3,680,884	\$ 4,256,358	\$ 4,643,104	\$ 4,379,377	\$ 4,603,096
Changes for the year:							
Service cost	222,323	207,258	229,040	260,805	279,708	209,635	189,919
Interest	146,609	152,368	146,772	118,396	106,952	185,414	202,768
Changes to benefit terms	-	(461,725)	(58,711)	-	-	70,100	(23,870)
Assumption changes and difference between actual and expected experience	(420,730)	123,939	383,878	84,317	(508,504)	(107,052)	(82,788)
Benefit payments	(140,009)	(91,436)	(125,505)	(76,772)	(141,883)	(134,378)	(210,632)
OPEB liability, end of year	<u>\$ 3,750,480</u>	<u>\$ 3,680,884</u>	<u>\$ 4,256,358</u>	<u>\$ 4,643,104</u>	<u>\$ 4,379,377</u>	<u>\$ 4,603,096</u>	<u>\$ 4,678,493</u>
Covered payroll	<u>\$ 12,619,213</u>	<u>\$ 12,393,548</u>	<u>\$ 14,564,982</u>	<u>\$ 14,866,922</u>	<u>\$ 14,613,897</u>	<u>\$ 15,052,953</u>	<u>\$ 17,507,254</u>
Total OPEB liability as a percentage of covered payroll	29.72%	29.70%	29.22%	31.23%	29.97%	30.58%	26.72%

DRESDEN 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

New Hampshire Retirement System (NHRS)

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

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

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

As required by GASB Statement No. 75, Exhibits J and K 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.

Vermont State Teachers' Retirement System (VSTRS)

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

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

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.vermonttreasurer.gov/content/retirement/teacher/financial-reports.

As required by GASB Statement No. 75, Exhibits L and M represent the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2024. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

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

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

As required by GASB Statement No. 75, Exhibit N 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
DRESDEN SCHOOL DISTRICT
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2024

	<u>Estimated</u>	<u>Actual</u>	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 27,066,560	\$ 27,066,560	\$ -
Other local sources:			
Tuition	3,042,302	3,159,534	117,232
Investment earnings	20,000	81,730	61,730
Student activities	125,000	141,520	16,520
Miscellaneous	140,000	244,059	104,059
Total from other local sources	<u>3,327,302</u>	<u>3,626,843</u>	<u>299,541</u>
State sources:			
School building aid	315,904	315,904	-
Vocational aid	28,700	37,879	9,179
Other state aid	-	2,050	2,050
Total from state sources	<u>344,604</u>	<u>355,833</u>	<u>11,229</u>
Total revenues	30,738,466	<u>\$ 31,049,236</u>	<u>\$ 310,770</u>
Use of fund balance to reduce school district assessment	400,000		
Total revenues and use of fund balance	<u>\$ 31,138,466</u>		

See Independent Auditor's Report.

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

	<u>Appropriations</u>	<u>Expenditures</u>	Variance Positive (Negative)
Current:			
Instruction:			
Regular programs	\$ 13,015,362	\$ 13,310,048	\$ (294,686)
Special programs	3,734,625	3,316,875	417,750
Vocational programs	135,000	188,613	(53,613)
Other programs	1,153,588	1,092,386	61,202
Total instruction	<u>18,038,575</u>	<u>17,907,922</u>	<u>130,653</u>
Support services:			
Student	1,794,358	1,787,566	6,792
Instructional staff	893,957	855,153	38,804
General administration	65,769	91,131	(25,362)
Executive administration	1,237,487	1,237,487	-
School administration	2,430,673	2,274,199	156,474
Operation and maintenance of plant	2,504,319	2,399,111	105,208
Student transportation	252,540	300,225	(47,685)
Total support services	<u>9,179,103</u>	<u>8,944,872</u>	<u>234,231</u>
Debt service:			
Principal on long-term debt	2,086,141	2,116,459	(30,318)
Interest on long-term debt	1,526,547	1,577,329	(50,782)
Total debt service	<u>3,612,688</u>	<u>3,693,788</u>	<u>(81,100)</u>
Facilities acquisition and construction	<u>225,500</u>	<u>205,745</u>	<u>19,755</u>
Other financing uses:			
Transfers out	<u>82,600</u>	<u>176,467</u>	<u>(93,867)</u>
Total appropriations, expenditures, and other financing uses	<u>\$ 31,138,466</u>	<u>\$ 30,928,794</u>	<u>\$ 209,672</u>

See Independent Auditor's Report.

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

Unassigned fund balance, beginning, as restated (see Note 16)		\$ 379,494
Changes:		
Unassigned fund balance used to reduce school district assessment		(400,000)
2023-2024 Budget summary:		
Revenue surplus (Schedule 1)	\$ 310,770	
Unexpended balance of appropriations (Schedule 2)	<u>209,672</u>	
2023-2024 Budget surplus		520,442
Decrease in nonspendable fund balance		20,910
Increase in assigned fund balance (non-encumbrances)		<u>(116,463)</u>
Unassigned fund balance, ending		<u><u>\$ 404,383</u></u>

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

	Special Revenue Funds			Capital Project Fund	Total
	Middle School Food Service	March Intensive	Special Gifts	Cable Drop	
ASSETS					
Cash and cash equivalents	\$ 18,334	\$ 35,164	\$ 162,907	\$ -	\$ 216,405
Accounts receivable	-	-	-	-	-
Total assets	<u>\$ 18,334</u>	<u>\$ 35,164</u>	<u>\$ 162,907</u>	<u>\$ -</u>	<u>\$ 216,405</u>
LIABILITIES					
Accounts payable	\$ 18,334	\$ -	\$ -	\$ -	\$ 18,334
FUND BALANCES					
Restricted	-	-	162,907	-	162,907
Committed	-	35,164	-	-	35,164
Total fund balances	<u>-</u>	<u>35,164</u>	<u>162,907</u>	<u>-</u>	<u>198,071</u>
Total liabilities and fund balances	<u>\$ 18,334</u>	<u>\$ 35,164</u>	<u>\$ 162,907</u>	<u>\$ -</u>	<u>\$ 216,405</u>

See Independent Auditor's Report.

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

	Special Revenue Funds			Capital Project Fund	Total
	Middle School Food Service	March Intensive	Special Gifts	Cable Drop	
REVENUES					
Other local	\$ 218,664	\$ 266,062	\$ 51,223	\$ -	\$ 535,949
EXPENDITURES					
Current:					
Instruction	-	263,294	50,518	-	313,812
Noninstructional services	254,065	-	-	-	254,065
Total expenditures	254,065	263,294	50,518	-	567,877
Excess (deficiency) of revenues over (under) expenditures	(35,401)	2,768	705	-	(31,928)
OTHER FINANCING SOURCES					
Transfers in	9,341	-	-	4,976	14,317
Net change in fund balances	(26,060)	2,768	705	4,976	(17,611)
Fund balances (deficit), beginning	26,060	32,396	162,202	(4,976)	215,682
Fund balances, ending	\$ -	\$ 35,164	\$ 162,907	\$ -	\$ 198,071

See Independent Auditor's Report.

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

	Student Activity Funds			Total
	Middle School	High School	Hanover Athletics	
ASSETS				
Cash and cash equivalents	\$ 22,529	\$ 116,324	\$ 38,584	\$ 177,437
Investments	-	63,533	-	63,533
Interfund receivable	-	44,184	-	44,184
Total assets	<u>\$ 22,529</u>	<u>\$ 224,041</u>	<u>\$ 38,584</u>	<u>\$ 285,154</u>
LIABILITIES				
Interfund payable	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Assigned	<u>22,529</u>	<u>224,041</u>	<u>38,584</u>	<u>285,154</u>
Total liabilities and fund balances	<u>\$ 22,529</u>	<u>\$ 224,041</u>	<u>\$ 38,584</u>	<u>\$ 285,154</u>

See Independent Auditor's Report.

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

	Student Activity Funds			Total
	Middle School	High School	Hanover Athletics	
REVENUES				
Other local	\$ 25,815	\$ 527,196	\$ 46,513	\$ 599,524
EXPENDITURES				
Current:				
Instruction	28,545	538,145	41,804	608,494
Net change in fund balances	(2,730)	(10,949)	4,709	(8,970)
Fund balances, beginning	25,259	234,990	33,875	294,124
Fund balances, ending	<u>\$ 22,529</u>	<u>\$ 224,041</u>	<u>\$ 38,584</u>	<u>\$ 285,154</u>

See Independent Auditor's Report.