

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**

**Financial Statements**

**With Schedule of Expenditures of Federal Awards**

**June 30, 2023**

**and**

**Independent Auditor's Report**

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

**Report on Compliance for Each Major Federal Program  
and Report on Internal Control over Compliance  
Required by the Uniform Guidance**

**Schedule of Findings and Questioned Costs**

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**FINANCIAL STATEMENTS**  
**June 30, 2023**

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**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**FINANCIAL STATEMENTS**  
**June 30, 2023**

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## **INDEPENDENT AUDITOR'S REPORT**

To the School Board  
Hinsdale, New Hampshire School District

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

#### ***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hinsdale, New Hampshire School District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

Management is responsible for the preparation and fair presentation of 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 Hinsdale, New Hampshire School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hinsdale, New Hampshire 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 Hinsdale, New Hampshire School District's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's proportionate share of the net OPEB liability, schedule of District OPEB contributions, schedule of changes in the District's total OPEB liability and related ratios, schedule of changes in the District's proportionate share of the net pension liability, and schedule of District pension contributions be presented to supplement the basic financial statements. 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 Hinsdale, New Hampshire School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the combining nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2024, on our consideration of the Hinsdale, New Hampshire School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hinsdale, New Hampshire School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hinsdale, New Hampshire School District's internal control over financial reporting and compliance.

*Vashon Clukay & Company PC*

Manchester, New Hampshire  
March 29, 2024

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2023**

Presented herewith please find the Management Discussion & Analysis Report for the Hinsdale School District for the fiscal year ending June 30, 2023. Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly present the District's financial position, and the results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an accurate understanding of the District's financial activities have been included.

The School District Administration is responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual, and human resource assets of the District are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained.

**Overview of the Financial Statements**

The financial statements presented herein include all of the activities of the Hinsdale School District using the integrated approach as prescribed by GASB Statement 34.

This discussion and analysis is intended to serve as an introduction to Hinsdale School District's financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to most private-sector companies.

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the remaining difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District solely employs the use of governmental funds.

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2023**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

The District maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances for the General Fund and Federal Projects Fund. Data from the other governmental funds are combined into a single, aggregate presentation.

The District adopts an annual appropriation budget for its governmental funds. A budgetary comparison has been provided as required supplementary information for the General Fund to demonstrate compliance with this budget.

***Notes to the Basic 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.

***Required Supplementary Information***

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund, as previously mentioned. Also, as required, this section also includes a schedule changes in the District's proportionate share of the net OPEB liability, schedule of District OPEB contributions, schedule of changes in the District's total OPEB liability and related ratios, schedule of changes in the District's proportionate share of the net pension liability and a schedule of District pension contributions.

***Other Supplementary Information***

Other supplementary information includes the schedule of expenditures of federal awards and combining financial statements for nonmajor governmental funds.

**Government-Wide Financial Analysis**

***Statement of Net Position***

The table below provides a summary of the District's net position for the years ended June 30, 2023 and 2022:



**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2023**

	<u><b>FY 2023</b></u>	<u><b>Restated FY 2022</b></u>
Capital and other assets:		
Capital assets, net	\$ 12,899,480	\$ 13,317,508
Other assets	2,100,752	2,267,469
Total Assets	<u>15,000,232</u>	<u>15,584,977</u>
Deferred Outflows of Resources:		
Deferred outflows related to OPEB	310,145	390,287
Deferred outflows related to pension	2,560,739	2,787,179
Total Deferred Outflows of Resources	<u>2,870,884</u>	<u>3,177,466</u>
Long-term and other liabilities:		
Long-term liabilities	14,883,280	13,638,667
Other liabilities	1,002,502	1,879,606
Total Liabilities	<u>15,885,782</u>	<u>15,518,273</u>
Deferred Inflows of Resources:		
Deferred inflows related to OPEB	343,631	78,084
Deferred inflows related to pension	174,906	2,414,019
Total Deferred Inflows of Resources	<u>518,537</u>	<u>2,492,103</u>
Net Position:		
Net investment in capital assets	10,492,323	9,521,961
Restricted	160,086	169,101
Unrestricted (deficit)	(9,185,612)	(8,938,995)
Total Net Position	<u>\$ 1,466,797</u>	<u>\$ 752,067</u>

***Statement of Activities***

Changes in net position for the fiscal years ended June 30, 2022 and 2021 are as follows:

	<u><b>FY 2023</b></u>	<u><b>FY 2022</b></u>
Program revenues:		
Charges for services	\$ 130,907	\$ 52,309
Operating grants and contributions	2,193,856	2,603,708
Capital grants and contributions	462,803	462,803
Total Program revenues	<u>2,787,566</u>	<u>3,118,820</u>
General revenues:		
Property taxes	8,248,917	7,398,147
State adequacy grant	4,952,958	4,735,130
Interest and investment income (loss)	(14,257)	(11,382)
Miscellaneous	164,622	327,630
Total General revenues	<u>13,352,240</u>	<u>12,449,525</u>
Total Revenues	<u>16,139,806</u>	<u>15,568,345</u>

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2023**

Expenses:		
Instruction	8,064,411	8,009,346
Supporting services	1,255,903	1,223,063
Instructional staff services	565,391	544,258
General administration	2,519,009	2,494,802
Operation and maintenance of plant	1,789,190	1,728,496
Pupil transportation	724,121	750,647
Food service	347,393	380,530
Other student	72,524	63,447
Other miscellaneous	180	9,258
Interest and fiscal charges	86,954	98,318
Total Expenses	<u>15,425,076</u>	<u>15,302,165</u>
Change in net position	714,730	266,180
Restatement - Overstatement of liability	221,198	
Net position at beginning of year	<u>530,869</u>	<u>264,689</u>
Net position at end of year	<u>\$ 1,466,797</u>	<u>\$ 530,869</u>

As shown in the above statement, the District experienced an increase in net position of \$714,730 on the full accrual basis of accounting. The significant deficit unrestricted net position balance at year end is due to the required implementation of GASB Statement No. 68 during the year ended June 30, 2015 and GASB Statement No. 75 during the year ended June 30, 2018. The unrestricted net position deficit increased by \$246,617 from the prior year. A deficit unrestricted net position balance is expected to continue into subsequent years due to the net pension liability and OPEB liability being included on the government-wide financial statements.

**Governmental Funds Analysis**

The General Fund shows an ending fund balance of \$1,566,853, an increase of \$615,739, which is better than anticipated as the District applied \$238,874 of its beginning fund balance to offset the tax rate. This resulted from a combination of cost savings (actual expenditures were \$558,082 less than budgeted) and unanticipated revenues from multiple sources (actual revenues were \$171,079 more than budgeted).

The ending fund balance of the Nonmajor Governmental Funds decreased by \$3,066 from the prior year to \$212,783, primarily due to modest changes in each of the special revenue funds.

**General Fund Budgetary Highlights**

There was no difference between the original and final budgets for the General Fund in the current fiscal year. Actual revenues and other financing sources on the budgetary basis exceeded the budgeted amount by \$153,749. Actual appropriations (expenditures and transfers out) were less than budgeted amounts by \$558,082.

Variances between the final budgeted amounts and actual results in the General Fund are shown in the Required Supplementary Information and Notes on pages 29 and 35, respectively.

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2023**

**Capital assets**

Hinsdale School District considers a capital asset to be an asset whose costs exceed or equal \$10,000 and has a useful life of greater than one year. Assets are depreciated using the straight-line method over the course of their useful life. During fiscal year 2023, the net capital assets of the District decreased by \$418,028 which was a result of depreciation expense on existing capital assets. There were no capital asset additions in the current year. See Note 3 in the Notes to the Basic Financial Statements for further information regarding capital asset activity.

**Long-term Obligations**

During fiscal year 2023, Hinsdale School District had a decrease in bonds payable of \$1,388,390. The District had \$1,370,000 from scheduled payments made during the year on an existing obligation. The related bond premiums decreased by \$18,390 from the current year amortization. The District showed a net increase in potential future payments for the accrued longevity payout of \$3,824 and a net increase in compensated absences of \$27,505. Finally, the District recognized a decrease in other postemployment benefits net of related deferred outflows and inflows of \$689,012, and an increase in net pension liability net of related deferred outflows and inflows of \$246,556. See Notes 4, 5, and 6 in the Notes to the Basic Financial Statements for further information regarding long-term obligations activity.

**CONTACTING HINSDALE SCHOOL DISTRICT FINANCIAL MANAGEMENT**

This financial report is intended to provide our citizens and creditors with a general overview of the Hinsdale School District's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, please contact Hinsdale School District Business Office at 49 School Street, Hinsdale, NH 03451-0027 or by telephone at (603) 336-5728.

EXHIBIT A  
**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Statement of Net Position**  
June 30, 2023

	Governmental Activities
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 1,072,656
Accounts receivable	21,424
Due from other governments	791,565
Prepaid items	215,107
Total Current Assets	<u>2,100,752</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	194,218
Depreciable capital assets, net	<u>12,705,262</u>
Total Noncurrent Assets	<u>12,899,480</u>
Total Assets	<u>15,000,232</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Defered outflows related to OPEB	310,145
Defered outflows related to pension	<u>2,560,739</u>
Total Deferred Outflows of Resources	<u>2,870,884</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	321,495
Accrued liabilities	678,068
Unearned revenue	2,939
Current portion of bonds payable	70,000
Current portion of accrued longevity payout	20,984
Current portion of compensated absences	27,766
Total Current Liabilities	<u>1,121,252</u>
Noncurrent liabilities:	
Bonds payable	2,337,157
Accrued longevity payout	249,525
Compensated absences	48,725
OPEB liability	1,549,891
Net pension liability	<u>10,579,232</u>
Total Noncurrent Liabilities	<u>14,764,530</u>
Total Liabilities	<u>15,885,782</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Defered inflows related to OPEB	343,631
Defered inflows related to pension	<u>174,906</u>
Total Deferred Inflows of Resources	<u>518,537</u>
<b>NET POSITION</b>	
Net investment in capital assets	10,492,323
Restricted	160,086
Unrestricted (deficit)	<u>(9,185,612)</u>
Total Net Position	<u>\$ 1,466,797</u>

*See accompanying notes to the basic financial statements*

**EXHIBIT B**  
**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Statement of Activities**  
For the Year Ended June 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	Charges for <u>Services</u>	Operating Grants and <u>Contributions</u>	
Governmental Activities:				
Instruction	\$ 8,064,411	\$ 15,691	\$ 1,543,538	\$ (6,505,182)
Supporting services	1,255,903		62,062	(1,193,841)
Instructional staff services	565,391		120,189	(445,202)
General administration	2,519,009		172,972	(2,346,037)
Operation and maintenance of plant	1,789,190		77,593	(1,248,794)
Pupil transportation	724,121		8,731	(715,390)
Food service	347,393	115,216	208,771	(23,406)
Other student	72,524			(72,524)
Other miscellaneous	180			(180)
Interest and fiscal charges	86,954			(86,954)
Total governmental activities	<u>\$ 15,425,076</u>	<u>\$ 130,907</u>	<u>\$ 2,193,856</u>	<u>\$ (12,637,510)</u>
General revenues:				
Property taxes				8,248,917
State adequacy education grant				4,952,958
Interest and investment earnings (losses)				(14,257)
Miscellaneous				164,622
Total general revenues				<u>13,352,240</u>
Change in net position				714,730
Net Position at beginning of year, as restated				752,067
Net Position at end of year				<u>\$ 1,466,797</u>

See accompanying notes to the basic financial statements

EXHIBIT C  
**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2023

	General Fund	Federal Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,019,959		\$ 52,697	\$ 1,072,656
Accounts receivable			21,424	21,424
Due from other governments	505,280	\$ 246,176	40,109	791,565
Due from other funds	231,401		129,387	360,788
Prepaid items	896,493			896,493
<b>Total Assets</b>	<u>2,653,133</u>	<u>246,176</u>	<u>243,617</u>	<u>3,142,926</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Deferred Outflows of Resources	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 2,653,133</u>	<u>\$ 246,176</u>	<u>\$ 243,617</u>	<u>\$ 3,142,926</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 278,825	\$ 14,775	\$ 27,895	\$ 321,495
Accrued liabilities	678,068			678,068
Unearned revenue			2,939	2,939
Due to other funds	129,387	231,401		360,788
<b>Total Liabilities</b>	<u>1,086,280</u>	<u>246,176</u>	<u>30,834</u>	<u>1,363,290</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total Deferred Inflows of Resources	-	-	-	-
<b>FUND BALANCES</b>				
Nonspendable	896,493			896,493
Restricted			160,086	160,086
Committed	463,700			463,700
Assigned			52,697	52,697
Unassigned	206,660			206,660
<b>Total Fund Balances</b>	<u>1,566,853</u>	<u>-</u>	<u>212,783</u>	<u>1,779,636</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 2,653,133</u>	<u>\$ 246,176</u>	<u>\$ 243,617</u>	<u>\$ 3,142,926</u>

*See accompanying notes to the basic financial statements*

EXHIBIT C-1  
**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
June 30, 2023

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 1,779,636
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,899,480
Prepaid items for debt service requirements reduce long-term liabilities on the accrual basis in the statement of net position, not the modified accrual basis in the funds	(681,386)
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources related to OPEB	310,145
Deferred outflows of resources related to pension	2,560,739
Deferred inflows of resources related to OPEB	(343,631)
Deferred inflows of resources related to pension	(174,906)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Bonds payable	(2,407,157)
Accrued longevity payout	(270,509)
Compensated absences	(76,491)
OPEB liability	(1,549,891)
Net pension liability	<u>(10,579,232)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 1,466,797</u>

*See accompanying notes to the basic financial statements*

EXHIBIT D  
**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
For the Year Ended June 30, 2023

	General Fund	Federal Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 8,248,917			\$ 8,248,917
Intergovernmental	5,916,413	\$ 1,434,433	\$ 258,771	7,609,617
Charges for services	15,245		115,662	130,907
Investment income (losses)	(14,257)			(14,257)
Miscellaneous	78,301		86,321	164,622
Total Revenues	<u>14,244,619</u>	<u>1,434,433</u>	<u>460,754</u>	<u>16,139,806</u>
<b>Expenditures:</b>				
<b>Current operations:</b>				
Instruction	6,903,915	992,712	43,723	7,940,350
Supporting services	1,171,376	62,062		1,233,438
Instructional staff services	440,389	120,188		560,577
General administration	2,291,816	170,477		2,462,293
Operation and maintenance of plant	1,288,346	77,593		1,365,939
Pupil transportation	715,390	8,731		724,121
Food service			347,393	347,393
Other student			72,524	72,524
Other miscellaneous			180	180
<b>Debt service:</b>				
Principal retirement	720,000			720,000
Interest and fiscal charges	100,318			100,318
Total Expenditures	<u>13,631,550</u>	<u>1,431,763</u>	<u>463,820</u>	<u>15,527,133</u>
Excess revenues over (under) expenditures	<u>613,069</u>	<u>2,670</u>	<u>(3,066)</u>	<u>612,673</u>
<b>Other financing sources (uses):</b>				
Transfers in	2,670			2,670
Transfers out		(2,670)		(2,670)
Total Other financing sources (uses)	<u>2,670</u>	<u>(2,670)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	615,739	-	(3,066)	612,673
Fund Balances at beginning of year, as restated	<u>951,114</u>	<u>-</u>	<u>215,849</u>	<u>1,166,963</u>
Fund Balances at end of year	<u>\$ 1,566,853</u>	<u>\$ -</u>	<u>\$ 212,783</u>	<u>\$ 1,779,636</u>

See accompanying notes to the basic financial statements



EXHIBIT D-1  
**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
For the Year Ended June 30, 2023

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ 612,673
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Capital outlays and depreciation expense in the current period are as follows:	
Capital outlays	77,784
Depreciation expense	(495,812)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	720,000
Governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are amortized over the life of the related debt in the statement of activities.	18,390
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(5,026)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These expenses are from the following activities:	
Accrued longevity payout	(3,824)
Compensated absences	(27,505)
Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.	
Net changes in OPEB	64,606
Net changes in pension	<u>(246,556)</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 714,730</u>

*See accompanying notes to the basic financial statements*

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2023

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

The accounting policies of the Hinsdale, New Hampshire School District conform to accounting principles generally accepted in the United States of America for local educational units of government, except as indicated hereinafter. The following is a summary of significant accounting policies.

***Financial Reporting Entity***

The Hinsdale, New Hampshire School District (the “District”) is an independent governmental entity organized under the laws of the State of New Hampshire to provide public education within the borders of the Town of Hinsdale, New Hampshire. The District's legislative body is the annual meeting of registered voters within the District and is governed by an elected School Board. The District has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

***Basis of Presentation***

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements:**

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental activities of the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that are required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**2. Fund Financial Statements:**

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

***Fund Accounting***

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District solely employs the use of governmental funds.

**1. Governmental Funds:**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following are the District's major governmental funds:

The *General Fund* is the main operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

The *Federal Projects Fund* is used to account for the financial resources related to various federal education grants and the related expenditures.

***Measurement Focus***

**1. Government-Wide Financial Statements:**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position.

**2. Fund Financial Statements:**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

***Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

**1. Revenues – Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 10). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest, tuition, grants, and student fees.

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred inflows of resources.

**2. Expenses/Expenditures:**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

***Budgetary Data***

The District's budget represents functional appropriations as authorized by annual District meetings. The school board may transfer funds between operating categories as they deem necessary. The District adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but requires the use of beginning fund balance to reduce the property tax rate. For the year ended June 30, 2023, the District applied \$238,874 of its unappropriated fund balance to reduce the tax rate.

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

For the Year Ended June 30, 2023

***Capital Assets***

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value. The District maintains a capitalization threshold of \$10,000. The District does not possess any infrastructure or intangible assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Description</u>	<u>Years</u>
	Land improvements	10
	Buildings and improvements	5-39
	Machinery and equipment	3-10

***Bond Premiums***

Bond premiums are amortized as a component of interest expense over the life of the related bond using the effective interest rate method. Bonds payable are reported in the accompanying financial statements gross of any applicable unamortized bond premiums.

***Compensated Absences***

District teachers may accumulate sick leave days at a rate of 15 days per year, cumulative to a maximum of 125 days. Sick leave will only be paid out for teachers who have completed 15 years of service or more with the District and upon retirement with 18 months prior notice given. Qualifying teachers will be paid out a percent of their unused sick time based on years of service. The District recognizes an obligation for payment of unused sick leave only upon receipt of a qualifying notification to retire.

District administrators may accumulate sick leave at a rate of 15 days per year, cumulative to a maximum of 120 days. Sick leave will only be paid out upon retirement with 18 months prior notice given. Administrators will be paid out a percent of their unused sick time based on years of service. Payout percentages range from 30-50% based on years of service of at least 5 years. The District recognizes an obligation for payment of unused sick leave only upon receipt of a qualifying notification to retire.

District administrators and year-round non-collective bargaining agreement staff may also accumulate unused vacation time up to a total of 35 days, with a maximum of 10 days carried forward into the next fiscal year. All unused accrued vacation time will be paid upon voluntary separation from the District.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

***Accrued Longevity Payout***

District teachers with a minimum of fifteen years of service are entitled to a one-time lump sum payment at the time of their retirement equal to one percent (1%) of their current earnings, multiplied by the number of years of their service. An annual budgetary provision is made by the District for any expected lump sum payments.

For governmental fund financial statements, accrued longevity payouts are reported as liabilities and expenditures as payments come due upon the occurrence of employee retirement. The entire accrued longevity payout liability is reported on the government-wide financial statements.

***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences and accrued longevity payouts that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current fiscal year. General obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

***Postemployment Benefits Other Than Pensions (OPEB)***

For purposes of measuring the net 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 (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

***Net Position***

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

***Fund Balance Policy***

The District has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- *Nonspendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance*: Amounts that can only be spent for specific purposes stipulated by external resource providers or by enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or the enabling legislation.
- *Committed Fund Balance*: Amounts that can be used only for specific purposes determined by a formal action of the District's highest level of decision making authority (the School Board). Commitments may be changed or lifted only by the governing board taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance*: Amounts the District intends to use for a specific purpose. For all governmental funds other than the General Fund, any remaining positive fund balance is to be classified as "Assigned".
- *Unassigned Fund Balance*: Amounts that are not obligated or specifically designated and is available for any purpose. These amounts are reported only in the General Fund, except for any deficit fund balance of another governmental fund.

The School Board delegates to the Superintendent of Schools, through the Business Administrator, the authority to assign amounts to be used for specific purposes.

*Minimum Level of Unassigned Fund Balance*

Pursuant to the District's policy, the School Board will return to the Town, any unassigned fund balance of the General Fund at fiscal year-end, to be used to offset the subsequent fiscal year's tax rate.

*Spending Prioritizations*

The District's policy is to first apply restricted resources when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts then unassigned amounts.

*Deficit Fund Balance*

Pursuant to the District's policy, if any of the special revenue funds has a deficit unassigned fund balance at fiscal year end, the Superintendent is authorized to transfer funds from the General Fund to cover the deficit, providing the General Fund has the resources to do so.

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

***Interfund Activity***

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**NOTE 2—DEPOSITS**

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

Statement of Net Position:	
Cash and cash equivalents	<u>\$ 1,072,656</u>

Deposits at June 30, 2023 consist of the following:

Deposits with financial institutions	<u>\$ 1,072,656</u>
--------------------------------------	---------------------

The School District's investment policy for its governmental funds requires that deposits and investments be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The District's deposits with financial institutions consist solely of demand deposits.

Deposits for the Student Activity Funds are at the discretion of the School Principals and Superintendent of Schools.

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The District's investment policy stipulates that all deposits and investments be covered by federal depository insurance, with all balances in excess of FDIC insurance limits collateralized.

Of the District's deposits with financial institutions at year end, \$1,827,789 was collateralized by securities held by the Bank of New York Mellon in the name of the District.



**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

**NOTE 3—CAPITAL ASSETS**

The following is a summary of changes in capital assets of the governmental activities:

	Balance <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2023</u>
Capital assets not being depreciated:				
Land	\$ 194,218			\$ 194,218
Total capital assets not being depreciated	<u>194,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>194,218</u>
Other capital assets:				
Land improvements	109,576			109,576
Buildings and improvements	20,421,884	77,784		20,499,668
Machinery and equipment	335,052			335,052
Total other capital assets at historical cost	<u>20,866,512</u>	<u>77,784</u>	<u>-</u>	<u>20,944,296</u>
Less accumulated depreciation for:				
Land improvements	(109,576)			(109,576)
Buildings and improvements	(7,310,807)	(489,440)		(7,800,247)
Machinery and equipment	(322,839)	(6,372)		(329,211)
Total accumulated depreciation	<u>(7,743,222)</u>	<u>(495,812)</u>	<u>-</u>	<u>(8,239,034)</u>
Total other capital assets, net	<u>- 13,123,290</u>	<u>-(418,028)</u>	<u>- -</u>	<u>- 12,705,262</u>
Total capital assets, net	<u>\$ 13,317,508</u>	<u>\$ (418,028)</u>	<u>\$ -</u>	<u>\$ 12,899,480</u>

Depreciation expense was charged to governmental functions as follows:

General administration	\$ 6,372
Operation and maintenance of plant	489,440
	<u>\$ 495,812</u>

**NOTE 4—LONG-TERM OBLIGATIONS**

***Changes in Long-Term Obligations***

The changes in the long-term obligations of the governmental activities for the year ended June 30, 2023 are as follows:

<u>Type</u>	Balance <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2023</u>	Amounts Due Within <u>One Year</u>
Bonds payable	\$ 3,705,000		\$ (1,370,000)	\$ 2,335,000	\$ 70,000
Unamortized bond premium	90,547		(18,390)	72,157	
Total Bonds payable	<u>3,795,547</u>	<u>\$ -</u>	<u>(1,388,390)</u>	<u>2,407,157</u>	<u>70,000</u>
Accrued longevity payout	266,685	43,009	(39,185)	270,509	20,984
Compensated absences	48,986	47,246	(19,741)	76,491	27,766
Totals	<u>\$ 4,111,218</u>	<u>\$ 90,255</u>	<u>\$ (1,447,316)</u>	<u>\$ 2,754,157</u>	<u>\$ 118,750</u>

Payments on the outstanding general obligation bonds, accrued longevity payout, and compensated absences, are paid out of the General Fund. Amortization of the bond premium is recognized as a component of interest expense on the Statement of Activities (Exhibit B).

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

***General Obligation Bonds***

Bonds payable at June 30, 2023 is comprised of the following individual issues:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at June 30, 2023</u>
2010 Series A Refunding Bonds	4.04%	August 2025	\$ 1,300,000
2018 Series A Bonds	2.86%	February 2038	1,035,000
			<u>2,335,000</u>
		Add: <i>Unamortized bond premium</i>	<u>72,157</u>
		Total Bonds Payable	<u>\$ 2,407,157</u>

General obligation bonds are direct obligations of the District, for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within District boundaries.

Debt service requirements to retire general obligation bonds outstanding at June 30, 2023 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 70,000	\$ 49,167	\$ 119,167
2025	720,000	64,546	784,546
2026	720,000	37,178	757,178
2027	70,000	29,938	99,938
2028	70,000	26,368	96,368
2029-2033	350,000	87,387	437,387
2034-2038	<u>335,000</u>	<u>31,421</u>	<u>366,421</u>
Sub-total Bonds Payable	2,335,000	326,005	2,661,005
Add: <i>Unamortized bond premium</i>	<u>72,157</u>		<u>72,157</u>
Total Bonds Payable	<u>\$ 2,407,157</u>	<u>\$ 326,005</u>	<u>\$ 2,733,162</u>

**NOTE 5—OTHER POSTEMPLOYMENT BENEFITS**

***Total OPEB Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and OPEB Expense***

	<u>Deferred Outflows</u>	<u>OPEB Liability</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
Cost-Sharing Multiple Employer Plan	\$ 76,152	\$ 670,818		\$ 16,851
Single Employer Plan	<u>233,993</u>	<u>879,073</u>	<u>\$ 343,631</u>	<u>20,070</u>
Total	<u>\$ 310,145</u>	<u>\$ 1,549,891</u>	<u>\$ 343,631</u>	<u>\$ 36,921</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as a decrease to unrestricted net position in the amount of \$33,486.

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

**COST-SHARING MULTIPLE EMPLOYER PLAN**

***Plan Description***

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at [www.nhrs.org](http://www.nhrs.org).

The OPEB Plan is divided into four membership types. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. The OPEB plan is closed to new entrants.

***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 medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two-person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two-person plan.

***Funding Policy***

Per RSA 100-A:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The District's contribution rates for the covered payroll of political subdivision employees and teachers were 0.31% and 1.54%, respectively, for the year ended June 30, 2023. Contributions to the OPEB plan for the District were \$74,319 for the year ended June 30, 2023. Employees are not required to contribute to the OPEB plan.

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2023, the District reported a liability of \$670,818 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2021. The District's proportion of the net OPEB liability was based on actual contributions by the District during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2022, the District's proportion was approximately 0.1775 percent, which was a decrease of 0.0017 percentage points from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$16,851. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ 1,833	
District contributions subsequent to the measurement date	<u>74,319</u>	<u>          </u>
Totals	<u>\$ 76,152</u>	<u>          -</u>

The District reported \$74,319 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

<u>June 30,</u>	
2023	\$ 305
2024	79
2025	(721)
2026	<u>2,170</u>
	<u>\$ 1,833</u>

***Actuarial Assumptions***

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.40%, average, including inflation
Investment rate of return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Public Equity	50%	7.60-7.90%
Private Market Equity	20%	6.60-8.85%
Private Debt	5%	7.25%
Fixed Income	25%	3.60%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and RSA 100-A:53. 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 District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 6.75 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability	\$ 728,287	\$ 670,818	\$ 620,767

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

**SINGLE EMPLOYER PLAN**

***Plan Description***

The Hinsdale, New Hampshire School District administers the retiree health care benefits program, a single employer defined benefits plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

***Benefits Provided***

The District provides medical insurance benefits to its eligible retirees. The benefits are provided through fully insured plans that are provided through the New Hampshire Inter-Local Trust. Benefits are provided to the retirees and covered dependents. Employees hired before July 1, 2011 are eligible for benefits after (1) attaining age 60 or (2) attaining age 50 with 10 or more years of service or (3) age plus service is at least 70 with 20 or more years of service. Employees hired on or after July 1, 2011 are eligible for benefits after (1) attaining age 65 or (2) attaining age 60 with 30 or more years of service. Retirees and their covered spouses are required to pay 100% of the premium for medical and dental coverage. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50.

***Employees Covered by Benefit Terms***

At July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	57
Active employees	<u>92</u>
	<u>149</u>

***Total OPEB Liability***

The District's total OPEB liability of \$879,073 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

***Actuarial Assumptions and Other Inputs for OPEB***

The total OPEB liability in the July 1, 2022 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.50%
Discount rate	3.65%
Healthcare cost trend rates	Initial rate of 8.20%, decreasing to 7.50% in 2023, then decreasing to an ultimate rate of 4.54% by year 2090

The discount rate was based on the index provided by the Bond Buyer 20-Bond General Obligation Index based on the 20-year AA municipal bond rate as of June 30, 2023.

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

Mortality rates were based on the applicable Pub-2010 Headcount-Weighted Mortality fully generational using Scale MP-2021 for employees, teachers and retirees.

***Changes in the Total OPEB Liability***

	<b>Total OPEB Liability</b>
Balance at June 30, 2022	\$ 1,242,324
Changes for the year:	
Service cost	53,065
Interest	31,429
Differences between expected and actual experience	(272,795)
Changes in assumptions or other inputs	(148,109)
Benefit payments	(26,841)
Net changes	<u>(363,251)</u>
Balance at June 30, 2023	<u>\$ 879,073</u>

Changes of assumptions and other inputs reflect an increase in the discount rate from 2.16% to 3.65%. The payroll growth rate was increased from 2.00% to 3.50%. Additionally, mortality assumptions changed from SOA RP-2014 Total Dataset Mortality with Scale MP-2020 to Pub-2010 Headcount-Weighted Mortality fully generational using Scale MP-2021.

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 930,528	\$ 879,073	\$ 829,687

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate***

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.20 percent decreasing to 3.54 percent) or 1-percentage-point higher (9.20 percent decreasing to 5.54 percent) than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 789,944	\$ 879,073	\$ 983,937

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$20,070. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience		\$ 231,627
Changes of assumptions	\$ 233,993	<u>112,004</u>
Totals	<u>\$ 233,993</u>	<u>\$ 343,631</u>

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

<u>June 30,</u>	
2024	\$ (50,065)
2025	(33,207)
2026	<u>(26,366)</u>
	<u>\$ (109,638)</u>

**NOTE 6—DEFINED BENEFIT PENSION PLAN**

***Plan Description***

The District contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301 or from their website at [www.nhrs.org](http://www.nhrs.org).

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

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.

***Benefits Provided***

Benefit formulas and eligibility requirements for the pension plan are set by State law (RSA 100-A).

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.



**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

Group II benefits are provided based on age, years of creditable service and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012 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 <u>January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
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%

***Funding Policy***

Plan members are required to contribute 7.0% of their covered salary and the District is required to contribute at an actuarially determined rate. The District's contribution rates for the covered payroll of teachers and general employees were 19.48% and 13.75%, respectively, for the year ended June 30, 2023. The District contributes 100% of the employer cost for teachers and general employees of the District.

Per RSA 100-A:16, plan member contribution rates are established and may be amended by the New Hampshire State Legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The District's contributions to the NHRS for the year ending June 30, 2023 were \$1,072,098.

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

At June 30, 2023, the District reported a liability of \$10,579,232 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2021. The District's proportion of the net pension liability was based on actual contributions by the District during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2022, the District's proportion was approximately 0.1844 percent, which was a decrease of 0.0033 percentage points from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$1,323,092. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 198,553	\$ 40,612
Change in assumptions	562,731	
Net difference between projected and actual earnings on pension plan investments	400,939	
Changes in proportion and differences between District contributions and proportionate share of contributions	326,418	134,294
District contributions subsequent to the measurement date	<u>1,072,098</u>	
Totals	<u>\$ 2,560,739</u>	<u>\$ 174,906</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as an increase to unrestricted net position in the amount of \$2,385,833. The District reported \$1,072,098 as deferred outflows of resources related to pension resulting from District contributions made subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense for the measurement periods as follows:

<u>June 30,</u>	
2023	\$ 540,755
2024	420,861
2025	(170,432)
2026	<u>522,551</u>
	<u>\$ 1,313,735</u>

***Actuarial Assumptions***

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions:

Inflation	2.00%
Wage Inflation	2.75% (2.25% for Teachers)
Salary increases	5.40%, average, including inflation
Investment rate of return	6.75% per year, net of pension plan investment expense, including inflation

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

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

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Public Equity	50%	7.60-7.90%
Private Market Equity	20%	6.60-8.85%
Private Debt	5%	7.25%
Fixed Income	25%	3.60%
Total	<u>100%</u>	

***Discount Rate***

The discount rate used to measure the collective pension liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

***Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the 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 or 1-percentage-point higher than the single discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net pension liability	\$ 14,194,662	\$ 10,579,232	\$ 7,573,336

**NOTE 7—INTERFUND BALANCES AND TRANSFERS**

The District has combined the cash resources of its governmental funds. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at June 30, 2023 are as follows:

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

	General Fund	Due From Federal Projects Fund	Totals
Due to General Fund		\$ 231,401	\$ 231,401
Nonmajor Governmental Funds	\$ 129,387		129,387
	<u>\$ 129,387</u>	<u>\$ 231,401</u>	<u>\$ 360,788</u>

During the fiscal year, the Federal Projects Fund made a transfer to the General Fund for indirect costs allocated to grants. The transfer was made in accordance with the terms and provisions of the grant awards. The interfund transfer for the year ended June 30, 2023 amounted to \$2,670.

**NOTE 8—RESTRICTED NET POSITION**

Net position of the governmental activities is restricted for specific purposes as follows:

Food service operations	\$ 107,957
Afterschool and instructional activities	52,129
	<u>\$ 160,086</u>

**NOTE 9—COMPONENTS OF FUND BALANCE**

The components of the District's fund balance for its governmental funds at June 30, 2023 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><i>Nonspendable :</i></b>			
Prepaid items	\$ 896,493		\$ 896,493
<b><i>Restricted for:</i></b>			
Food service operations		\$ 107,957	107,957
Afterschool and instructional activities		52,129	52,129
<b><i>Committed for:</i></b>			
Expendable trusts	463,700		463,700
<b><i>Assigned for:</i></b>			
Student activity funds		52,697	52,697
<b><i>Unassigned:</i></b>			
General operations	206,660		206,660
	<u>\$ 1,566,853</u>	<u>\$ 212,783</u>	<u>\$ 1,779,636</u>

**NOTE 10—PROPERTY TAXES**

Property taxes levied to support the Hinsdale, New Hampshire School District are based on the assessed valuation of the prior April 1st for all taxable real property.

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

For the Year Ended June 30, 2023

Under state statutes, the Town of Hinsdale, New Hampshire (an independent governmental unit) collects School District taxes and State of New Hampshire Education taxes as part of local property tax assessments. As collection agent, the Town is required to pay over to the District its share of property tax assessments through periodic payments based on cash flow requirements of the District. The Town assumes financial responsibility for all uncollected property taxes under state statutes. For the year ended June 30, 2023, School District taxes were \$7,919,480 and State of New Hampshire Education taxes were \$329,437.

**NOTE 11—RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2023, the District was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at June 30, 2023.

***Property and Liability Insurance***

The Trust provides certain property and liability insurance coverage to member school districts, school administrative units, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the District shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

***Worker's Compensation***

The Trust provides statutory worker's compensation coverage to member school districts, school administrative units, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

**NOTE 12—CONTINGENT LIABILITIES**

*Federal Grants*

The District participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

*Litigation*

There may be various claims and suits pending against the District, which arise in the normal course of the District's activities. In the opinion of District management, any potential claims against the District, which are not covered by insurance are immaterial and would not affect the financial position of the District.

**NOTE 13—RESTATEMENT OF NET POSITION AND FUND BALANCE**

*Government-Wide Statements*

During the year ended June 30, 2023, it was determined that accrued liabilities of the governmental activities, as previously reported, were overstated.

Net position of the governmental activities as of July 1, 2022 has be restated as follows:

	Governmental <u>Activities</u>
Net Position - July 1, 2022 (as previously reported)	\$ 530,869
Amount of restatement due to:	
Overstatement of accrued liabilities	<u>221,198</u>
Net Position - July 1, 2022, as restated	<u>\$ 752,067</u>

*Governmental Funds*

The impact of the above restatement on the District's General Fund as of July 1, 2022 is as follows:

	General <u>Fund</u>
Fund Balance - July 1, 2022 (as previously reported)	\$ 729,916
Amount of restatement due to:	
Overstatement of accrued liabilities	<u>221,198</u>
Fund Balance - July 1, 2022, as restated	<u>\$ 951,114</u>

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2023

**NOTE 14—CHANGE IN ACCOUNTING PRINCIPLE**

***GASB Statement No. 96 – Subscription-Based Information Technology Arrangements***

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. GASB Statement No. 96 defines a subscription-based information technology arrangement (SBITA) as a contract to use another party's software, alone or in combination with tangible capital assets as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, governments generally recognize a right-to-use subscription asset (intangible asset) and a corresponding subscription liability for each SBITA agreement greater than one year in length. The District has entered into various SBITA agreements for software. Management has evaluated its SBITA agreements and determined that the effect of implementing GASB Statement No. 96 related to such agreements is immaterial to the financial statements.

SCHEDULE 1  
**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis) - General Fund**  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 8,248,917	\$ 8,248,917	\$ 8,248,917	\$ -
Intergovernmental	5,582,865	5,582,865	5,916,413	333,548
Charges for services	153,015	153,015	15,245	(137,770)
Miscellaneous	103,000	103,000	78,301	(24,699)
Total Revenues	<u>14,087,797</u>	<u>14,087,797</u>	<u>14,258,876</u>	<u>171,079</u>
<b>Expenditures:</b>				
<b>Current operations:</b>				
Instruction	7,079,067	7,079,067	6,903,915	175,152
Supporting services	1,275,671	1,275,671	1,171,376	104,295
Instructional staff services	534,013	534,013	437,482	96,531
General administration	2,439,641	2,439,641	2,291,816	147,825
Operation and maintenance of plant	1,300,565	1,300,565	1,265,867	34,698
Pupil transportation	714,970	714,970	715,390	(420)
Food service	1	1	-	1
<b>Debt service:</b>				
Principal retirement	720,000	720,000	720,000	-
Interest and fiscal charges	100,318	100,318	100,318	-
Total Expenditures	<u>14,164,246</u>	<u>14,164,246</u>	<u>13,606,164</u>	<u>558,082</u>
Excess revenues over (under) expenditures	<u>(76,449)</u>	<u>(76,449)</u>	<u>652,712</u>	<u>729,161</u>
<b>Other financing sources (uses):</b>				
Transfers in	20,000	20,000	2,670	(17,330)
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Total Other financing sources (uses)	<u>(55,000)</u>	<u>(55,000)</u>	<u>(72,330)</u>	<u>(17,330)</u>
Net change in fund balance	(131,449)	(131,449)	580,382	711,831
<b>Fund Balances at beginning of year</b>				
- Budgetary Basis	<u>522,771</u>	<u>522,771</u>	<u>522,771</u>	<u>-</u>
<b>Fund Balances at end of year</b>				
- Budgetary Basis	<u>\$ 391,322</u>	<u>\$ 391,322</u>	<u>\$ 1,103,153</u>	<u>\$ 711,831</u>

See accompanying notes to the required supplementary information



SCHEDULE 2

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**

**Schedule of Changes in the District's Proportionate Share of the Net OPEB Liability**

For the Year Ended June 30, 2023

Measurement Period Ended	Cost-Sharing Multiple Employer Plan Information Only				
	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2022	0.17751781%	\$ 670,818	\$ 5,825,284	11.52%	10.64%
June 30, 2021	0.17926083%	\$ 717,862	\$ 5,769,344	12.44%	11.06%
June 30, 2020	0.17665863%	\$ 773,251	\$ 5,379,846	14.37%	7.74%
June 30, 2019	0.16060365%	\$ 704,104	\$ 5,221,992	13.48%	7.75%
June 30, 2018	0.15116324%	\$ 692,094	\$ 4,816,106	14.37%	7.53%
June 30, 2017	0.18821975%	\$ 860,605	\$ 4,573,961	18.82%	7.91%
June 30, 2016	0.17971432%	\$ 870,006	\$ 4,307,606	20.20%	5.21%
June 30, 2015	*	*	*	*	*
June 30, 2014	*	*	*	*	*
June 30, 2013	*	*	*	*	*

\* 10 Year schedule, historical information not available

Measurement Periods	Significant Actuarial Assumptions				
	Inflation	Salary Increases	Investment Rate of Return	Mortality Table	Mortality Scale
June 30, 2022	2.00%	5.40%	6.75%	Pub-2010	MP-2019
June 30, 2020 - 2021	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015

*See accompanying notes to the required supplementary information*

SCHEDULE 3  
**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Schedule of District OPEB Contributions**  
For the Year Ended June 30, 2023

<b>Cost-Sharing Multiple Employer Plan Information Only</b>					
<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2023	\$ 74,319	\$ (74,319)	\$ -	\$ 5,898,775	1.26%
June 30, 2022	\$ 74,383	\$ (74,383)	\$ -	\$ 5,825,284	1.28%
June 30, 2021	\$ 86,103	\$ (86,103)	\$ -	\$ 5,769,344	1.49%
June 30, 2020	\$ 82,000	\$ (82,000)	\$ -	\$ 5,379,846	1.52%
June 30, 2019	\$ 73,293	\$ (73,293)	\$ -	\$ 5,221,992	1.40%
June 30, 2018	\$ 66,864	\$ (66,864)	\$ -	\$ 4,816,106	1.39%
June 30, 2017	\$ 111,558	\$ (111,558)	\$ -	\$ 4,573,961	2.44%
June 30, 2016	\$ 104,425	\$ (104,425)	\$ -	\$ 4,307,606	2.42%
June 30, 2015	*	*	*	*	*
June 30, 2014	*	*	*	*	*

\* 10 Year schedule, historical information not available

*See accompanying notes to the required supplementary information*

SCHEDULE 4  
HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT  
Schedule of Changes in the District's Total OPEB Liability and Related Ratios  
For the Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Single Employer Plan Information Only</b>										
Total OPEB Liability:										
Service cost	\$ 53,065	\$ 79,567	\$ 77,885	\$ 45,240	\$ 43,710	\$ 54,851	*	*	*	*
Interest	31,429	24,973	23,566	21,258	19,899	21,021	*	*	*	*
Changes of assumptions or other inputs	(148,109)		479,441		(25,295)		*	*	*	*
Differences between expected and actual experience	(272,795)		(31,718)		(147,648)	(37,129)	*	*	*	*
Benefit payments	(26,841)	(36,709)	(35,933)	(25,214)	(24,361)	(45,340)	*	*	*	*
Net change in total OPEB liability	(363,251)	67,831	513,241	41,284	(133,695)	(6,597)	*	*	*	*
Total OPEB Liability at beginning of year	1,242,324	1,174,493	661,252	619,968	753,663	760,260	*	*	*	*
Total OPEB Liability at end of year	\$ 879,073	\$ 1,242,324	\$ 1,174,493	\$ 661,252	\$ 619,968	\$ 753,663	*	*	*	*
Covered employee payroll	\$ 4,732,374	\$ 5,422,872	\$ 5,316,541	\$ 6,089,162	\$ 5,969,767	\$ 4,923,019	*	*	*	*
Total OPEB liability as a percentage of covered employee payroll	18.58%	22.91%	22.09%	10.86%	10.39%	15.31%	*	*	*	*
<b>Significant Actuarial Assumptions</b>										
Discount rate	3.65%	2.16%	2.16%	3.50%	3.50%	2.85%	*	*	*	*
Health cost trend rates:										
Initial	8.2% - 2022	6.0% - 2020	6.0% - 2020	7.3% - 2018	7.3% - 2018	9.5% - 2016	*	*	*	*
Ultimate	4.54% - 2090	4.04% - 2089	4.04% - 2089	5% - 2028	5% - 2028	5% - 2028	*	*	*	*
Mortality data set	Pub-2010	SOA Pub-2014	SOA Pub-2014	SOA Pub-2014	SOA Pub-2014	RP-2000	*	*	*	*
Mortality improvement scale	MP-2021	MP-2020	MP-2020	MP-2018	MP-2018	Scale AA	*	*	*	*

**Note To Schedule:**  
No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75

\* 10 Year schedule, historical information not available

See accompanying notes to the required supplementary information

SCHEDULE 5  
**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Schedule of Changes in the District's Proportionate Share of the Net Pension Liability**  
For the Year Ended June 30, 2023

<u>Measurement Period Ended</u>	<u>District's Proportion of the Net Pension Liability</u>	<u>District's Proportionate Share of the Net Pension Liability</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2022	0.18443147%	\$ 10,579,232	\$ 5,825,284	181.61%	65.12%
June 30, 2021	0.18772912%	\$ 8,320,003	\$ 5,769,344	144.21%	72.22%
June 30, 2020	0.18200620%	\$ 11,641,392	\$ 5,379,846	216.39%	58.72%
June 30, 2019	0.17793973%	\$ 8,561,845	\$ 5,221,992	163.96%	65.59%
June 30, 2018	0.16838260%	\$ 8,107,963	\$ 4,816,106	168.35%	64.73%
June 30, 2017	0.15431971%	\$ 7,589,432	\$ 4,573,961	165.93%	62.66%
June 30, 2016	0.14856216%	\$ 7,899,934	\$ 4,307,606	183.39%	58.30%
June 30, 2015	0.14736996%	\$ 5,838,101	\$ 4,234,568	137.87%	65.47%
June 30, 2014	0.14941127%	\$ 5,608,280	\$ 4,156,311	134.93%	66.32%
June 30, 2013	0.15314731%	\$ 6,591,130	\$ 4,285,391	153.80%	59.81%

Significant Actuarial Assumptions

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2022	2.00%	5.40%	6.75%	Pub-2010	MP-2019
June 30, 2020 - 2021	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015
June 30, 2013 - 2015	3.00%	3.75-5.80%	7.75%	RP-2000	Scale AA

See accompanying notes to the required supplementary information

SCHEDULE 6  
**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Schedule of District Pension Contributions**  
For the Year Ended June 30, 2023

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2023	\$ 1,072,098	\$ (1,072,098)	\$ -	\$ 5,898,775	18.17%
June 30, 2022	\$ 1,063,448	\$ (1,063,448)	\$ -	\$ 5,825,284	18.26%
June 30, 2021	\$ 860,923	\$ (860,923)	\$ -	\$ 5,769,344	14.92%
June 30, 2020	\$ 808,549	\$ (808,549)	\$ -	\$ 5,379,846	15.03%
June 30, 2019	\$ 774,361	\$ (774,361)	\$ -	\$ 5,221,992	14.83%
June 30, 2018	\$ 711,682	\$ (711,682)	\$ -	\$ 4,816,106	14.78%
June 30, 2017	\$ 565,340	\$ (565,340)	\$ -	\$ 4,573,961	12.36%
June 30, 2016	\$ 531,970	\$ (531,970)	\$ -	\$ 4,307,606	12.35%
June 30, 2015	\$ 494,409	\$ (494,409)	\$ -	\$ 4,234,568	11.68%
June 30, 2014	\$ 484,725	\$ (484,725)	\$ -	\$ 4,156,311	11.66%

*See accompanying notes to the required supplementary information*

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended June 30, 2023

**NOTE 1—BUDGET TO ACTUAL RECONCILIATION**

***General Fund***

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the District. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). General Fund budgetary revenues and other financing sources, and expenditures and other financing uses, were adjusted for non-budgetary revenues, budgetary transfers, and encumbrances as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 14,247,289	\$ 13,631,550
Non-budgetary revenues	14,257	
Budgetary transfers		75,000
Encumbrances - June 30, 2022		(25,386)
Per Schedule 1	<u>\$ 14,261,546</u>	<u>\$ 13,681,164</u>

***Major Special Revenue Fund***

The District adopts its budgets under regulations of the New Hampshire Departments of Education and Revenue Administration which differ from accounting principles generally accepted in the United States of America. Consequently, budgetary information is not presented for the Federal Projects Fund, as the information is neither practical nor meaningful.

SCHEDULE I  
**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b>DEPARTMENT OF AGRICULTURE</b>			
Pass Through Payments from the New Hampshire Department of Education			
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	N/A	\$ 31,378
National School Lunch Program			
- School Lunch (Cash)	10.555	N/A	137,679
- Supply Chain Assistance (Cash)	10.555	N/A	8,346
- Commodities (Non-cash)	10.555	N/A	18,402
			<u>164,427</u>
Summer Food Service Program for Children	10.559	N/A	8,311
Fresh Fruit and Vegetable Program	10.582	N/A	18,681
<i>Total Child Nutrition Cluster</i>			<u>222,797</u>
Pass Through Payments from the New Hampshire Department of Education			
Child and Adult Care Food Program	10.558	N/A	1,120
<b>Total Department of Agriculture</b>			<u>223,917</u>
<b>DEPARTMENT OF EDUCATION</b>			
Pass Through Payments from the New Hampshire Department of Education			
Title I Grants to Local Educational Agencies	84.010	#20220159	11,632
Title I Grants to Local Educational Agencies	84.010	#20230287	212,628
			<u>224,260</u>
Pass Through Payments from the New Hampshire Department of Education			
<i>Special Education Cluster (IDEA):</i>			
Special Education - Grants to States	84.027	#20220083	22,933
COVID-19 - Special Education - Grants to States	84.027	#20220506	30,051
Special Education - Grants to States	84.027	#20230093	89,456
			<u>142,440</u>
Special Education - Preschool Grants	84.173	#20220083	4,754
COVID-19 - Special Education - Preschool Grants	84.173	#20220506	159
			<u>4,913</u>
<i>Total Special Education Cluster (IDEA)</i>			<u>147,353</u>

*See notes to schedule of expenditures of federal awards*

SCHEDULE I  
**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards (Continued)**  
For the Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b>DEPARTMENT OF EDUCATION (CONTINUED)</b>			
Pass Through Payments from the New Hampshire Department of Education			
Twenty-First Century Community Learning Centers	84.287	#20220105	44
Twenty-First Century Community Learning Centers	84.287	#20230060	<u>151,580</u>
			<u>151,624</u>
Direct Award Program			
Rural Education	84.358	N/A	<u>26,663</u>
Pass Through Payments from the New Hampshire Department of Education			
Supporting Effective Instruction State Grants	84.367	#20220491	960
Supporting Effective Instruction State Grants	84.367	#20230600	<u>35,383</u>
			<u>36,343</u>
Pass Through Payments from the New Hampshire Department of Education			
Student Support and Academic Enrichment Program	84.424	#20200697	2,948
Student Support and Academic Enrichment Program	84.424	#20211802	<u>12,060</u>
			<u>15,008</u>
Pass Through Payments from the New Hampshire Department of Education			
COVID-19 - Education Stabilization Fund	84.425D	#20204879	5,035
COVID-19 - Education Stabilization Fund	84.425D	#20211591	75,131
COVID-19 - Education Stabilization Fund	84.425D	#20220124	668,433
COVID-19 - Education Stabilization Fund	84.425W	#20220679	<u>1,024</u>
			<u>749,623</u>
<b>Total Department of Education</b>			<u>1,350,874</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,574,791</u>

*See notes to schedule of expenditures of federal awards*



**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2023

**NOTE 1—BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Hinsdale, New Hampshire School District (the District) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Hinsdale, New Hampshire School District, it is not intended to and does not present the financial position or changes in net position of the Hinsdale, New Hampshire School District.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3—INDIRECT COST RATE**

The Hinsdale, New Hampshire School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

Independent Auditor's Report

To the School Board  
Hinsdale, New Hampshire School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hinsdale, New Hampshire School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Hinsdale, New Hampshire School District's basic financial statements, and have issued our report thereon dated March 29, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item #2023-001 that we consider to be a significant deficiency.

## **Report on Compliance and Other Matters**

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

## **Hinsdale School District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Hinsdale, New Hampshire School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Hinsdale, New Hampshire School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

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

*Vashon Clukay & Company PC*

Manchester, New Hampshire  
March 29, 2024

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

Independent Auditor's Report

To the School Board  
Hinsdale, New Hampshire School District

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

***Opinion on Each Major Federal Program***

We have audited the Hinsdale, New Hampshire School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Hinsdale, New Hampshire School District's major federal programs for the year ended June 30, 2023. The Hinsdale, New Hampshire School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Hinsdale, New Hampshire School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

### ***Report on Internal Control over Compliance***

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

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

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

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

*Vashon Clukay & Company PC*

Manchester, New Hampshire  
March 29, 2024

**Hinsdale, New Hampshire School District  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2023**

**Section I—Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified – all reporting units

Internal control over financial reporting:  
 Material weakness(es) identified?            yes   X   no  
 Significant deficiency(ies) identified?   X   yes            none reported

Noncompliance material to financial statements noted?            yes   X   no

**Federal Awards**

Internal control over major federal programs:  
 Material weakness(es) identified?            yes   X   no  
 Significant deficiency(ies) identified?            yes   X   none reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?            yes   X   no

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B program: \$ 750,000

Auditee qualified as low-risk auditee?   X   yes            no

## **Section II—Financial Statement Findings**

There following findings relating to the financial statements were required to be reported by GAGAS.

### **Finding #2023-001 Payroll**

**Criteria:** District policies and federal labor laws require the employer to maintain on file a signed copy of written notifications, signed by the employee regarding employee rates of pay or salary. District policies additionally require department supervisors to approve employee timecards.

**Condition:** During testing of controls for payroll transactions, we noted the District did not have rate of pay forms on file for certain individuals selected for testing. Additionally, departmental supervisor approvals were not present on several employee timecards selected for testing.

**Cause:** District personnel responsible for distributing and obtaining signed forms to document hourly wages or daily rates did not distribute forms for 6 individuals selected for testing. Additionally, District personnel processed payroll without the required departmental supervisor's approval of two employee timecards.

**Effect:** Failure to maintain authorized rate of pay forms on file for all employees increases the risk in which employees are paid an incorrect amount. In addition, failure to obtain required departmental supervisor approval on timecards prior to processing payroll may result in an employee being paid for work which was not performed.

**Recommendation:** We recommend the District obtain signed copies of rate of pay forms for all employees and all positions the employee is being compensated for. In addition, prior to processing payroll we recommend District personnel review employee timecards for required departmental supervisor approval.

**Views of responsible officials:** The District will require that all rate of pay forms be signed and maintained prior to employees being compensated. Additionally, District and building administrators will review and sign off employee timecards prior to payroll being processed for employees.

## **Section III—Federal Award Findings and Questioned Costs**

There were no findings and questioned costs required to be reported under 2 CFR 200.516(a).



David Ryan, Ed.D.  
Superintendent

Jane Fortson, CPA  
Business Administrator

# HINSDALE

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## SCHOOL DISTRICT

Patricia Wallace  
Director of Student Services

Karen Thompson  
Director of Personalized  
Learning

49 School Street, P.O. Box 27 | Hinsdale, NH 03451 | 603-336-5728 | [www.hnhsd.org](http://www.hnhsd.org)

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March 29, 2024

### Finding 2023-001

#### **Corrective Action Plan:**

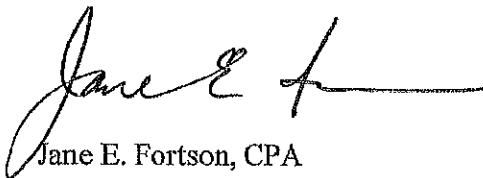
The District will require that all rate of pay forms be signed and maintained prior to employees being compensated. Additionally, district and building administrators will review and sign off employee timecards prior to payroll being processed for employees.

#### **Name of Person Responsible:**

The Business Administrator will be responsible for ensuring that employee signatures are obtained and that timecards are signed prior to processing payroll.

#### **Anticipated Implementation Date of the Corrective Action:**

The District has already implemented this process upon being notified of the issues, and will continue to do so.



Jane E. Fortson, CPA

Business Administrator

SAU 92 does not discriminate on the basis of race, color, national origin, gender, sex, sexual orientation, religion, nationality, ethnic origins, country of origin, economic status, status as a victim of domestic violence, harassment, sexual assault, or stalking, disability, age or other protected classes under applicable law in its educational programs and activities. SAU 92 also provides equal access to buildings for youth groups. Link to Training - <https://nhprimex.org/explore-training/single/understanding-sexual-harassment/> Questions about Title IX can be referred to the SAU 92 Interim

SCHEDULE A  
**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Funds**  
June 30, 2023

	Food Service <u>Fund</u>	Private Grants <u>Fund</u>	Student Activity <u>Funds</u>	Total Nonmajor <u>Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents			\$ 52,697	\$ 52,697
Accounts receivable	\$ 21,424			21,424
Due from other governments	40,109			40,109
Due from other funds	77,258	\$ 52,129		129,387
Total Assets	<u>138,791</u>	<u>52,129</u>	<u>52,697</u>	<u>243,617</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 138,791</u>	<u>\$ 52,129</u>	<u>\$ 52,697</u>	<u>\$ 243,617</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 27,895			\$ 27,895
Unearned revenue	2,939			2,939
Total Liabilities	<u>30,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>30,834</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total Deferred Inflows of Resources	-	-	-	-
<b>FUND BALANCES</b>				
Restricted	107,957	52,129		160,086
Assigned			52,697	52,697
Total Fund Balances	<u>107,957</u>	<u>52,129</u>	<u>52,697</u>	<u>212,783</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 138,791</u>	<u>\$ 52,129</u>	<u>\$ 52,697</u>	<u>\$ 243,617</u>

SCHEDULE B  
**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds - All Nonmajor Funds**  
For the Year Ended June 30, 2023

	Food Service <u>Fund</u>	Private Grants <u>Fund</u>	Student Activity <u>Funds</u>	Total Nonmajor <u>Funds</u>
Revenues:				
Intergovernmental	\$ 208,771	\$ 50,000		\$ 258,771
Charges for services	115,216	446		115,662
Miscellaneous		7,848	\$ 78,473	86,321
Total Revenues	<u>323,987</u>	<u>58,294</u>	<u>78,473</u>	<u>460,754</u>
Expenditures:				
Current operations:				
Instruction		43,723		43,723
Food service	347,393			347,393
Other student			72,524	72,524
Other miscellaneous		180		180
Total Expenditures	<u>347,393</u>	<u>43,903</u>	<u>72,524</u>	<u>463,820</u>
Net change in fund balances	(23,406)	14,391	5,949	(3,066)
Fund Balances at beginning of year	<u>131,363</u>	<u>37,738</u>	<u>46,748</u>	<u>215,849</u>
Fund Balances at end of year	<u>\$ 107,957</u>	<u>\$ 52,129</u>	<u>\$ 52,697</u>	<u>\$ 212,783</u>