

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT
FINANCIAL STATEMENTS
Year ended June 30, 2022

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT
 AUDIT REPORT AND FINANCIAL STATEMENTS
 JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Waits River Valley Union #36 School District
East Corinth, Vermont

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 Waits River Valley Union School District #36 (the "School District"), as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the 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 School District, as of June 30, 2022, and the respective changes in financial position and the respective budget comparison for the General Fund and Various Grant Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 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 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 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 on pages 4 through 8, budgetary information comparison in Exhibit G and H on pages 16 through 24, and Schedule I on page 47 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2023, on our consideration of the 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 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 School District's internal control over financial reporting and compliance.



Registration number VT092.0000684
January 15, 2023

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Our discussion and analysis of Waits River Valley Union #36 School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the School District's financial statements which begin on Exhibit A.

Financial Highlights

Government-Wide Financial Statements:

- The School District's net position decreased by \$173,534 resulting from a decrease from operations of \$150,358 and a decrease of \$23,176 due to a prior period adjustment.
- The cost of all of the School District's programs was \$7,094,615 this year.

Fund Financial Statements:

- The General Fund reported total decrease of \$93,432, which included expenditures in excess of revenues this year of \$70,256 and a decrease of \$23,176 due to a prior period adjustment. At June 30, 2022 the fund balance was a deficit of (\$67,170).
- The Capital Projects Fund reported an increase of fund balance of \$870. At June 30, 2022 the fund balance was \$218,939, all of which was restricted for future additions.
- The Grant Fund reported expenditures in excess of revenues this year of \$0, which is consistent with the nature if reimbursable grants in that revenue received equals expenditures incurred.
- The Food Service Fund reported an increase of fund balance of \$54,301. At June 30, 2022 the fund balance of \$121,992, all of which was assigned for the food service program.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits A and B) provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements start on Exhibit C. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the School District's operations in more detail than the government-wide statements by providing information about the School District's most significant funds. The remaining statements provide financial information about activities for which the School District acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the School District as a Whole

Our analysis of the School District as a whole begins on Exhibit A. One of the most important question asked about the School District's finances is, "Is the School District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the School District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in them. You can think of the School District's net assets – the difference between assets and liabilities – as one way to measure the

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022
(Continued)

School District's financial health, or financial position. Over time, increases or decreases in the School District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the School District's property tax base and the condition of the School District's capital assets, to assess the overall health of the School District.

Governmental activities – Most of the School District's basic services are reported here. They include regular and special education for Kindergarten through 8th grade, High School costs, support services, administrative services, transportation, interest on long-term debt and other activities. Property taxes and state grants finance most of these activities.

Reporting the School District's Most Significant Funds

The Financial Statements of the School District's major governmental funds are reflected on Exhibit C through Exhibit H. The fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The School District's funds use the following accounting approaches:

Governmental funds – Most of the School District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method focus called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs.

We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Exhibits D and Exhibit F that follow the financial statements.

The School District as Agent

The School District is the fiscal agent for funds held for various school related activities. All of the School District's fiduciary activities are Agency Funds and are reported in a separate Statement of Fiduciary Net Assets on Exhibit I. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022
(Continued)

The School District as a Whole (Government-Wide Financial Statement Analysis)

The School District's combined net assets decreased by \$150,358 as a result of this year's operations.

Table 1 – Net Position

	Governmental Activities		Change
	2022	2021	
Current and other assets	\$ 661,876	\$ 826,548	\$ (164,672)
Capital assets	1,747,510	1,882,783	(135,273)
Total assets	<u>2,409,386</u>	<u>2,709,331</u>	<u>(299,945)</u>
Long-term liabilities	-	-	-
Other liabilities	388,115	514,256	(126,141)
Total liabilities	<u>388,115</u>	<u>514,256</u>	<u>(126,141)</u>
Net position:			
Unrestricted	(67,170)	26,262	(93,432)
Restricted	340,931	285,760	55,171
Invested in capital assets, net of related debt	1,747,510	1,882,783	(135,273)
Total net position	<u>\$ 2,021,271</u>	<u>\$ 2,194,805</u>	<u>\$ (173,534)</u>

Table 2 – Change in Net Position

	Governmental Activities		Change
	2022	2021	
REVENUES			
General revenues:			
Act 68 property taxes	\$ 5,371,180	\$ 5,205,065	\$ 166,115
Other income	28,407	7,852	20,555
Earnings on investments	1,056	1,234	(178)
Program revenues:			
On behalf payments	457,571	795,279	(337,708)
Charges for services	4,299	1,900	2,399
Operating grants and contributions	1,081,744	1,038,202	43,542
Total revenues	<u>6,944,257</u>	<u>7,049,532</u>	<u>(105,275)</u>
PROGRAM EXPENSES			
Secondary tuition	1,483,267	1,354,677	128,590
Regular instruction and related	1,766,157	1,857,593	(91,436)
Special education and related	960,870	922,562	38,308
Buildings and grounds	533,101	462,233	70,868
Administrative support services	612,298	686,271	(73,973)
Support services - student based	267,578	344,362	(76,784)
Medicaid supported program	77,125	46,967	30,158
CFP Schoolwide program	166,940	158,231	8,709
ESSER Grants	62,764	-	62,764
Food service	244,094	298,499	(54,405)
Transportation	243,507	232,723	10,784
Vocational	215,738	223,708	(7,970)
Interest on long-term debt	3,605	6,323	(2,718)
On behalf payments	457,571	795,279	(337,708)
Total program expenses	<u>7,094,615</u>	<u>7,452,546</u>	<u>(357,931)</u>
Change in net position	<u>\$ (150,358)</u>	<u>\$ (403,014)</u>	<u>\$ 252,656</u>

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022
(Continued)

Table 3 represents the cost of each of the School District's four largest programs as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the School District's taxpayers by each of these functions.

Table 3
Governmental Activities

	2022	
	Total Cost of Services	Net Cost of Services
Secondary tuition	\$ 1,483,267	\$ 1,483,267
Regular instruction and related services	1,766,157	1,766,157
Special education and related services	960,870	724,878
Buildings and grounds	533,101	533,101
All others	2,351,220	1,043,598
Totals	\$ 7,094,615	\$ 5,551,001

	2021	
	Total Cost of Services	Net Cost of Services
Secondary tuition	\$ 1,354,677	\$ 1,354,677
Regular instruction and related services	1,857,593	1,857,593
Special education and related services	922,562	722,141
Buildings and grounds	462,233	462,233
All others	2,855,481	1,220,521
Totals	\$ 7,452,546	\$ 5,617,165

The School District's Funds (*Fund Financial Statement Analysis*)

As the School District completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of \$273,761. Included in this year's total is a fund deficit of (\$67,170) in the School District's General Fund, a fund balance of \$0 in the Grant Fund, a fund balance of \$121,992 in the Food Service Fund, and a fund balance of \$218,939 in the Capital Projects Fund.

Refer to the auditor's report for more details of the changes in the School District's fund activities.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022
(Continued)

Capital Assets and Debt Administration

Capital Assets

At June 30, 2022, the School District had \$1,747,510 invested in a broad range of capital assets, including school buildings, furniture and equipment. (See Table 4 below) This amount represents a net decrease of \$135,273, over last year. The net decrease is a result of capital additions of \$0 less depreciation expense of \$135,273 for the year ending June 30, 2022.

Table 4
Capital Assets at Year-End
(Net of Accumulated Depreciation)

	Governmental Activities	
	2022	2021
Land	\$ 40,292	\$ 40,292
Buildings and improvements	1,666,549	1,782,457
Equipment	40,669	60,034
Totals	\$ 1,747,510	\$ 1,882,783

Debt

At June 30, 2022, the School District had \$0 notes outstanding.

During the year ending June 30, 2022, the School District borrowed approximately \$685,000 on short term borrowings, which were repaid in their entirety as of June 30, 2022.

Economic Factors and Next Year's Budgets and Rates

The School District's elected and appointed officials considered many factors when setting the fiscal year budget for school operations.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Administration Office at Orange East Supervisory Union, located at 64 Main Street, Bradford, Vermont.

STATEMENT OF NET POSITION

JUNE 30, 2022

	<u>Governmental Activities</u>	
ASSETS		
Cash	\$ 419,282	
Accounts receivable:		
Due from State	218,069	
Prepaid expenses	24,525	
Capital assets:		
Land	40,292	
Building and equipment - net of accumulated depreciation of \$3,481,574	<u>1,707,218</u>	
Total assets		2,409,386
LIABILITIES		
Accounts payable	48,768	
Accrued payroll and withholdings	243,185	
Deferred revenue	<u>96,162</u>	
Total liabilities		<u>388,115</u>
NET POSITION		
Unrestricted	(67,170)	
Restricted	340,931	
Invested in capital assets, net of related debt	<u>1,747,510</u>	
Total net position		<u><u>\$ 2,021,271</u></u>

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charge for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental Activities:				
Secondary tuition	\$ 1,483,267	\$ -	\$ -	\$ (1,483,267)
Regular instruction and related services	1,766,157	-	-	(1,766,157)
Special education and related services	960,870	-	235,992	(724,878)
Buildings and grounds	533,101	-	-	(533,101)
Administrative support services	612,298	-	-	(612,298)
Support services - student based	267,578	-	-	(267,578)
Medicaid supported programs	77,125	-	77,125	-
CFP Schoolwide Programs	166,940	-	166,940	-
ESSER Grants	62,764	-	62,764	-
Food service expenses	244,094	4,299	294,096	54,301
Transportation	243,507	-	124,530	(118,977)
Vocational	215,738	-	120,297	(95,441)
Interest on long-term debt	3,605	-	-	(3,605)
Pension plan expense	457,571	-	457,571	-
Total governmental activities	<u>7,094,615</u>	<u>4,299</u>	<u>1,539,315</u>	<u>(5,551,001)</u>
General Revenues:				
Act 68 state aid				5,371,180
Other income				28,407
Earnings on investments				1,056
Total general revenues				<u>5,400,643</u>
Change in net position				(150,358)
Net position - July 1, 2021				2,194,805
Prior Period Adjustment				(23,176)
Net position - July 1, 2021 (Restated)				<u>2,171,629</u>
Net position - June 30, 2022				<u>\$ 2,021,271</u>

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2022

	General Fund	Capital Projects Fund	Special Revenue Funds		Totals
			Grant Fund	Food Service Fund	
ASSETS					
Cash	\$ 201,335	\$ 217,946	\$ -	\$ -	\$ 419,281
Accounts receivable:					
Due from State	107,226	-	87,390	23,453	218,069
Prepaid expenses	24,525	-	-	-	24,525
Due from other funds	-	993	31,041	121,605	153,639
Total assets	<u>\$ 333,086</u>	<u>\$ 218,939</u>	<u>\$ 118,431</u>	<u>\$ 145,058</u>	<u>\$ 815,514</u>
LIABILITIES					
Accounts payable	\$ 25,123	\$ -	\$ 578	\$ 23,066	\$ 48,767
Due to other funds	153,639	-	-	-	153,639
Accrued payroll and withholdings	221,494	-	21,691	-	243,185
Deferred revenue - Medicaid funds	-	-	96,162	-	96,162
Total liabilities	<u>400,256</u>	<u>-</u>	<u>118,431</u>	<u>23,066</u>	<u>541,753</u>
FUND EQUITY					
Fund balances					
Nonspendable	24,525	-	-	-	24,525
Committed for capital projects	-	218,939	-	-	218,939
Committed for education stabilization fund	26,262	-	-	-	26,262
Restricted for food service	-	-	-	121,992	121,992
Unassigned	(117,957)	-	-	-	(117,957)
Total fund equity	<u>(67,170)</u>	<u>218,939</u>	<u>-</u>	<u>121,992</u>	<u>273,761</u>
Total liabilities and fund equity	<u>\$ 333,086</u>	<u>\$ 218,939</u>	<u>\$ 118,431</u>	<u>\$ 145,058</u>	<u>\$ 815,514</u>

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

JUNE 30, 2022

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 273,761
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Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets are \$5,229,084, and the accumulated depreciation is \$3,481,574	<u>1,747,510</u>
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,021,271</u></u>
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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2022

	General Fund	Capital Projects Fund	Special Revenue Funds		Total Governmental Funds
			Grants Fund	Food Service Fund	
REVENUES					
Act 68 property taxes	\$ 5,371,180	\$ -	\$ -	\$ -	\$ 5,371,180
Other State revenues:					
Transportation aid	124,530	-	-	-	124,530
Special education - Intensive	235,992	-	-	-	235,992
Tech center aid	120,297	-	-	-	120,297
Medicaid	-	-	77,125	-	77,125
CFP Schoolwide Programs grants	-	-	166,940	-	166,940
ESSER grants	-	-	62,764	-	62,764
Federal food grants	-	-	-	294,096	294,096
Food sales	-	-	-	4,299	4,299
Interest	186	870	-	-	1,056
Miscellaneous	28,407	-	-	-	28,407
On behalf payments	90,065	-	-	-	90,065
Total revenues	<u>5,970,657</u>	<u>870</u>	<u>306,829</u>	<u>298,395</u>	<u>6,576,751</u>
EXPENDITURES					
Current					
EEE programs	76,976	-	-	-	76,976
Regular instruction - K - 5	858,021	-	-	-	858,021
Regular instruction - Middle school	461,107	-	-	-	461,107
Regular instruction - K-8	423,069	-	-	-	423,069
Student Activities	2,937	-	-	-	2,937
Guidance	1,467	-	-	-	1,467
Health services	91,897	-	-	-	91,897
Professional development	23,960	-	-	-	23,960
Library services	88,893	-	-	-	88,893
Technology	74,004	-	-	-	74,004
Board of Education	27,149	-	-	-	27,149
Superintendent's office	247,583	-	-	-	247,583
Principal's office	314,476	-	-	-	314,476
School administration	20,931	-	-	-	20,931
Fiscal services	2,159	-	-	-	2,159
Facilities	406,209	-	-	-	406,209
Transportation services	243,507	-	-	-	243,507
Secondary tuition	1,483,266	-	-	-	1,483,266
State vocational payments	120,297	-	-	-	120,297
Vocational tuition	95,441	-	-	-	95,441
Special education	883,894	-	-	-	883,894
Medicaid supported programs	-	-	77,125	-	77,125
CFP Schoolwide Programs	-	-	166,940	-	166,940
ESSER grants	-	-	62,764	-	62,764
Food service expenses	-	-	-	244,094	244,094
On behalf payments	90,065	-	-	-	90,065

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2022

	General Fund	Capital Projects Fund	Special Revenue Funds		Total Governmental Funds
			Grants Fund	Food Service Fund	
Debt service:					
Interest	3,605	-	-	-	3,605
Total expenditures	6,040,913	-	306,829	244,094	6,591,836
NET CHANGE IN FUND BALANCE	(70,256)	870	-	54,301	(15,085)
FUND BALANCES - July 1, 2021	26,262	218,069	-	67,691	312,022
Prior period adjustment	(23,176)	-	-	-	(23,176)
FUND BALANCES - July 1, 2021 (RESTATED)	3,086	218,069	-	67,691	288,846
FUND BALANCES - June 30, 2022	\$ (67,170)	\$ 218,939	\$ -	\$ 121,992	\$ 273,761

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (15,085)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation of \$135,273 exceeds capital outlays of \$0

(135,273)

On behalf payments related to the Vermont State Teachers Retirement system in not recognized in the governmental funds and does not require the use of current financial resources. The net effect of the current year's net assets is zero.

State of Vermont on behalf payment - expense - Exhibit E

90,065

State of Vermont on behalf payment - expense - Exhibit B

(457,571)

State of Vermont on behalf payment - revenue - Exhibit E

(90,065)

State of Vermont on behalf payment - revenue - Exhibit B

457,571

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ (150,358)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Act 68 property taxes	\$ 5,491,477	\$ 5,371,180	\$ (120,297)
Other State revenue:			
Tech center aid	-	120,297	120,297
Transportation aid	104,053	124,530	20,477
Special education - Intensive	226,718	235,992	9,274
Interest	2,000	186	(1,814)
Miscellaneous	-	28,407	28,407
Total revenues	<u>5,824,248</u>	<u>5,880,592</u>	<u>56,344</u>
EXPENDITURES			
Current expenditures			
EEE programs			
Pre-K tuition	50,000	76,976	(26,976)
Total EEE programs	<u>50,000</u>	<u>76,976</u>	<u>(26,976)</u>
Regular Instruction - K - 5			
Salaries - teachers	618,966	618,329	637
Health insurance	133,037	112,150	20,887
HRA	18,900	20,750	(1,850)
HSA	-	2,100	(2,100)
FICA	47,351	45,098	2,253
Life insurance	1,302	1,186	116
VSTRS new hire fee	10,632	9,380	1,252
Dental	1,378	2,376	(998)
Disability insurance	2,105	1,990	115
Annuity	4,582	1,294	3,288
Workers' compensation	5,571	5,459	112
Supplies	24,694	22,048	2,646
Books	3,000	3,299	(299)
Manipulatives	10,000	10,204	(204)
Field trips	2,000	2,358	(358)
Total regular instruction - K-5	<u>883,518</u>	<u>858,021</u>	<u>25,497</u>
Regular Instruction - Middle School			
Salaries	333,801	329,190	4,611
Health insurance	93,569	75,940	17,629
HRA	12,600	11,333	1,267
HSA	-	4,200	(4,200)
FICA	25,536	23,336	2,200
Life insurance	558	565	(7)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Regular Instruction - Middle School (continued)			
VSTRS new hire fee	3,987	4,020	(33)
Dental	787	1,899	(1,112)
Disability insurance	1,134	1,074	60
Workers' compensation	3,004	2,964	40
Purchased services	-	480	(480)
Supplies	5,000	4,881	119
Books	1,000	665	335
Equipment	-	140	(140)
Field trips	1,000	420	580
Total regular instruction - middle school	481,976	461,107	20,869
Regular Instruction - K-8			
Salaries - teachers and paras	255,040	278,537	(23,497)
Salaries - substitutes	27,000	20,976	6,024
Health insurance	37,263	55,487	(18,224)
HRA	8,400	7,725	675
HSA	-	2,100	(2,100)
FICA	19,511	22,805	(3,294)
Life insurance	372	425	(53)
VSTRS new hire fee	2,658	2,680	(22)
Dental	787	3,975	(3,188)
Disability insurance	867	829	38
Annuity	-	114	(114)
Workers' compensation	2,295	2,796	(501)
Unemployment	5,000	599	4,401
O.E.S.U. assessments	15,633	15,430	203
Field trips	2,000	1,161	839
Supplies	6,500	3,671	2,829
Books	200	1,162	(962)
Equipment	2,500	2,597	(97)
Total regular instruction- K-8	386,026	423,069	(37,043)
Student activities			
Athletic director stipend	1,500	1,000	500
FICA	115	77	38
Workers' compensation	14	9	5
Purchased services	2,000	-	2,000
Supplies	1,000	604	396
Equipment	1,000	-	1,000

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Student activities (continued)			
Fees	1,000	1,247	(247)
Total student activities	<u>6,629</u>	<u>2,937</u>	<u>3,692</u>
Guidance			
Life insurance	-	5	(5)
VSTRS new hire fee	665	1,340	(675)
Disability insurance	-	8	(8)
Workers' compensation	-	18	(18)
Supplies	400	-	400
Books	150	96	54
Total guidance	<u>1,215</u>	<u>1,467</u>	<u>(252)</u>
Health services			
Salaries	54,130	60,881	(6,751)
Substitutes	2,000	-	2,000
Health insurance	21,176	21,268	(92)
HRA	-	4,000	(4,000)
FICA	4,141	4,184	(43)
Life insurance	93	92	1
Dental	197	404	(207)
Disability insurance	184	193	(9)
Workers' compensation	459	548	(89)
Supplies	1,500	327	1,173
Books	200	-	200
Total health services	<u>84,080</u>	<u>91,897</u>	<u>(7,817)</u>
Professional Development			
Tuition reimbursement	25,000	23,960	1,040
Total professional development	<u>25,000</u>	<u>23,960</u>	<u>1,040</u>
Library services			
Salaries	77,419	77,419	-
Health insurance	1,200	-	1,200
FICA	5,923	5,922	1
Life insurance	93	86	7
Disability insurance	263	254	9
Workers' compensation	697	692	5
Supplies	750	468	282

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Library services (continued)			
Books and periodicals	5,000	2,728	2,272
Audio visual material	1,000	-	1,000
Software	100	1,289	(1,189)
Dues and fees	-	35	(35)
Total library services	<u>92,445</u>	<u>88,893</u>	<u>3,552</u>
Technology			
Purchased services	50,000	38,839	11,161
Repairs and maintenance	2,500	3,522	(1,022)
Subscriptions	16,000	7,474	8,526
Supplies	5,100	3,589	1,511
Software	500	5,120	(4,620)
Equipment	10,000	15,460	(5,460)
Total technology	<u>84,100</u>	<u>74,004</u>	<u>10,096</u>
Board of Education			
Salaries	8,650	8,650	-
FICA	650	661	(11)
Workers' compensation	77	78	(1)
Legal	-	514	(514)
Auditor	10,000	8,500	1,500
Advertising	-	604	(604)
Printing	3,000	3,045	(45)
Supplies	1,000	1,316	(316)
Dues and fees	2,300	3,781	(1,481)
Interest expense	1,000	-	1,000
Total board of education	<u>26,677</u>	<u>27,149</u>	<u>(472)</u>
Superintendent's Office			
O.E.S.U. assessment	<u>247,583</u>	<u>247,583</u>	-
Total superintendent's office	<u>247,583</u>	<u>247,583</u>	-
Principal's office			
Salaries - principal	116,699	116,721	(22)
Salaries - staff	102,795	113,339	(10,544)
Health insurance	58,486	47,165	11,321
HRA	8,600	10,167	(1,567)
FICA	16,715	16,803	(88)
Life insurance	279	281	(2)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Principal's office (continued)			
Dental	1,347	1,381	(34)
Disability insurance	743	755	(12)
Workers' compensation	1,966	2,070	(104)
Mentor service	1,200	-	1,200
Travel	-	113	(113)
Supplies	4,000	4,414	(414)
Other expenses	-	132	(132)
Dues and fees	1,000	1,135	(135)
Total principal's office	<u>313,830</u>	<u>314,476</u>	<u>(646)</u>
School administration			
Purchased services	-	68	(68)
Copier lease	6,000	6,840	(840)
Telephone	7,960	12,192	(4,232)
Postage	3,000	1,756	1,244
Dues and fees	-	75	(75)
Total school administration	<u>16,960</u>	<u>20,931</u>	<u>(3,971)</u>
Fiscal services			
Supplies	5,000	2,159	2,841
Total fiscal services	<u>5,000</u>	<u>2,159</u>	<u>2,841</u>
Facilities			
Custodial salaries	127,375	152,570	(25,195)
Health insurance	45,337	34,823	10,514
HRA	11,000	9,752	1,248
FICA	9,744	11,190	(1,446)
Life insurance	879	324	555
Dental	894	1,184	(290)
Disability insurance	433	473	(40)
Annuity	1,307	1,089	218
Workers' compensation	1,146	1,378	(232)
Uniforms	-	600	(600)
O.E.S.U. assessment	-	203	(203)
Disposal	14,000	13,658	342
Snow removal	12,000	7,869	4,131
Ground maintenance	9,000	11,000	(2,000)
Repairs and maintenance	30,000	30,691	(691)
Rentals	2,000	74	1,926

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Facilities (continued)			
Property insurance	24,000	20,004	3,996
Supplies	16,000	20,161	(4,161)
Electricity	45,000	45,438	(438)
Heating oil	40,840	37,063	3,777
Generator fuel	500	-	500
Equipment	10,000	3,165	6,835
Furniture replacement	10,000	3,500	6,500
Total facilities	<u>411,455</u>	<u>406,209</u>	<u>5,246</u>
Transportation			
Contracted services	230,953	240,043	(9,090)
Vocational transportation	3,000	2,380	620
Gasoline	300	707	(407)
Repairs and maintenance	-	377	(377)
Total transportation	<u>234,253</u>	<u>243,507</u>	<u>(9,254)</u>
Secondary tuition			
Tuition	1,405,731	1,483,266	(77,535)
Total secondary tuition	<u>1,405,731</u>	<u>1,483,266</u>	<u>(77,535)</u>
State vocational payments	108,709	120,297	(11,588)
Total secondary tuition	<u>108,709</u>	<u>120,297</u>	<u>(11,588)</u>
Vocational tuition	89,111	95,441	(6,330)
Total vocational tuition	<u>89,111</u>	<u>95,441</u>	<u>(6,330)</u>
Special education			
Salaries - aides	273,581	285,373	(11,792)
Health insurance	86,437	83,649	2,788
HRA	17,600	16,609	991
HSA	-	4,400	(4,400)
FICA	20,929	20,780	149
Life insurance	1,023	1,067	(44)
Dental	1,574	1,582	(8)
Disability insurance	930	933	(3)
Annuity	315	1,907	(1,592)
Workers' compensation	2,463	2,496	(33)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Special education (continued)			
O.E.S.U. assessment - Special Ed	465,098	465,098	-
Total special education	<u>869,950</u>	<u>883,894</u>	<u>(13,944)</u>
Debt Service			
Interest	-	3,605	(3,605)
Total debt service	<u>-</u>	<u>3,605</u>	<u>(3,605)</u>
Total expenditures	<u>5,824,248</u>	<u>5,950,848</u>	<u>(126,600)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>(70,256)</u>	<u>\$ (70,256)</u>
FUND BALANCE - JULY 1, 2021		26,262	
Prior Period Adjustment		<u>(23,176)</u>	
FUND BALANCE - JULY 1, 2021 (RESTATED)		<u>3,086</u>	
FUND BALANCE - JUNE 30, 2022		<u>\$ (67,170)</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GRANTS FUND

YEAR ENDED JUNE 30, 2022

	Approved Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
CFP schoolwide programs grants	\$ 139,452	\$ 166,940	\$ 27,488
Medicaid	65,850	77,125	11,275
ESSER grant	-	62,764	62,764
Total Revenues	<u>205,302</u>	<u>306,829</u>	<u>101,527</u>
EXPENDITURES			
Current expenditures			
Medicaid - guidance			
Salaries	51,018	57,645	(6,627)
Health insurance	7,242	10,619	(3,377)
HRA	2,100	1,417	683
HSA	-	2,100	(2,100)
FICA	3,903	4,164	(261)
Life insurance	93	116	(23)
VSTRST new hire fee	665	-	665
Dental	197	390	(193)
Disability insurance	173	178	(5)
Workers' compensation	459	496	(37)
Total medicaid - guidance	<u>65,850</u>	<u>77,125</u>	<u>(11,275)</u>
CFP schoolwide programs			
Salaries	118,765	123,113	(4,348)
Health insurance	7,645	27,089	(19,444)
HRA	2,100	5,667	(3,567)
FICA	9,086	8,645	441
Life insurance	186	187	(1)
Dental	197	748	(551)
Disability insurance	404	387	17
Workers' compensation	1,069	1,104	(35)
Total CFP schoolwide programs	<u>139,452</u>	<u>166,940</u>	<u>(27,488)</u>

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL - GRANTS FUND

YEAR ENDED JUNE 30, 2022

	Approved Budget	Actual	Variance Favorable (Unfavorable)
ESSER			
Salaries	-	56,955	(56,955)
FICA	-	4,358	(4,358)
Life insurance	-	203	(203)
Disability insurance	-	173	(173)
Workers' compensation	-	497	(497)
Grant assessment	-	578	(578)
Total ESSER grant	<u>-</u>	<u>62,764</u>	<u>(61,516)</u>
 Total expenditures	<u>205,302</u>	<u>306,829</u>	<u>(100,279)</u>
 NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>-</u>	<u>\$ 1,248</u>
 FUND BALANCE - JULY 1, 2021		<u>-</u>	
 FUND BALANCE - JUNE 30, 2022		<u>\$ -</u>	

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 15,533
LIABILITIES	
Due to student groups	<u>15,533</u>
NET POSITION	<u><u>\$ -</u></u>

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Waits River Valley Union #36 School District is organized according to Vermont State Law under the governance of a Board of School Directors to provide public education for the schoolchildren of the Towns of Corinth and Topsham, Vermont.

Waits River Valley Union #36 School District, for financial reporting purposes, consists only of the funds of the District. The District's elected Board of Directors has no oversight responsibility for any other governmental entity. Control or dependence on the Board was determined on the basis of budget adoptions, designation of management, influence over operations, and accountability for fiscal matters.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is primarily responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the School District are discussed below.

Reporting Entity

The School District's basic financial statements include the accounts of all School operations. The criteria for including organizations as component units within the School District's reporting entity are set forth in GASB 14 as amended by GASB 39 and Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.

Based on the criteria, the School District has no component units.

Basic Financial Statements – Government-Wide Statements

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds). The government-wide financial statements categorize activities as governmental or business type. All of the School District's activities are classified as governmental activities.

The government-wide statement of net position presents all the School District's activities on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities for which both restricted and unrestricted resources are available.

The government-wide statement of activities reports both the gross and net cost of each of the School District's governmental functions. The functions are also supported by general government revenues (Act 68 state aid/property taxes and other local revenue). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, consisting of operating grants and contributions. Program revenues must be directly associated with the governmental function (regular education, special education, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by governmental function) are normally covered by general revenues (property taxes, earnings on investments, etc.).

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

This government-wide focus is more on the sustainability of the School District as an entity and the change in the School District's net assets resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the School District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either governmental category. GASB No. 34 sets forth minimum criteria for the determination of major funds. The District electively added funds, as major funds, which either had debt outstanding or specific community focus. The School District reports on the following major governmental funds:

Governmental Fund

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

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

Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Special Revenue Funds:

Grants Fund is a special revenue fund used to account for specific restricted revenues and expenditures pursuant to federal, state and local grants.

Food Service Fund is a special revenue fund used to account for specific restricted revenues and expenditures relating to the School District's food service program.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support school programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The School District's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (student groups) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when transactions occur and expenses are recognized when liabilities are incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within six months of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Deferred Outflows/Inflows of Resources

Effective June 30, 2013, the School District implemented Governmental Accounting Standards Board ("GASB") Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, introduced and defined in GASB Concepts Statement No. 4. This statement amends the net asset reporting requirements in Statement No. 34, "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*", and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The separate financial statement, "deferred outflows of resources", represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The School District did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District did not have any items that qualified for reporting in this category.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	40 years
Equipment and vehicles	5 – 20 years

Compensated Absences

District policies does not allow teachers to receive paid vacations. Teachers are paid only for the number of days they are required to work each year. Administrative and support personnel are granted vacation in varying amounts. The School District does not recognize an accrued liability for unused vacation balances, accrued vacation is lost at the end of each year.

District policies permit employees to accumulate earned but unused sick pay benefits. Such sick leave benefits do not vest under District policies and must be used during employment. Since these amounts do not vest with employees and are subject to future illnesses, the District has elected to not recognize a liability for these balances in their financial statements.

District policies also establish a Sick Leave Bank. Employees are required as a condition of employment to sacrifice sick days that the School District accrues and holds for long-term use when required for a long-term illness or family emergency. The School District has a committee to review requests for use of the Sick Leave Bank. At year end, the School District held 102 days in the Sick Leave Bank for teachers and 50 for educational support staff. The School District does not recognize an accrued liability for the Sick Leave Bank.

Government-Wide Net Position

Net position represents the difference between assets and liabilities in the Statement of Net Position. Government-wide net position are divided into three components:

Invested in capital assets, net of related debt - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position - consist of assets that are restricted by the school's creditors, enabling legislation, by grantors, and by other contributors.

Unrestricted net position - all other net asset position is reported in this category.

The School District first utilizes restricted resources to finance qualifying activities.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

GASB 54 Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions” provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balances - Indicates the portion of fund equity that cannot be spent due to their form (e.g. inventories and prepaids) or funds that legally or contractually must be maintained intact.

Restricted fund balances - Indicates the portion of fund equity that is mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation (e.g. federal and state grants, bondholders, trust and trustee accounts).

Committed fund balances - Indicates the portion of fund equity that is set aside for a specific purpose by the School Board. Formal action must be taken prior to the end of the fiscal year (e.g. capital projects, compensated absences). The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned fund balances - Indicates the portion of fund equity that is set aside with the intent to be used for a specific purpose by the School Board or body or official that has been given the authority to assign funds (e.g. encumbrances, subsequent budgets). Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned fund balances - Indicates the portion of fund equity that has not been classified in the previous four categories. All funds in this category are considered spendable resources. This category provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The School District has established policies or procedures for committing or assigning fund balances. When an expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, it will be applied in the following order:

1. Committed
2. Assigned
3. Unassigned

Use of Estimates

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

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Activities

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenue and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted in the preparation of the government-wide financial statements.

On Behalf Payments

On behalf payments are contributions made by the State of Vermont to the State Teachers' Retirement System on behalf of the School District's teaching employees. The General Fund budget does not include on behalf payments as a revenue or expense.

Budget Adoption

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

The operating budget is prepared by the School District's administration with the direction from the School Board and assistance from the Superintendent and Business Manager of the Orange East Supervisory Union and approved by the Waits River Valley Union #36 School District Board at a properly warned meeting for the presentation to the voters. The operating budget includes proposed expenditures by line item and the means of financing them. The budget is approved by School District voters at a properly warned annual meeting.

Fund Deficits

The School District had a deficit balance of \$67,170 in the General Fund as of June 30, 2022.

NOTE 2 – DEPOSITS

The Treasurer invests excess cash according to policies established by the School Board.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. As of June 30, 2022, none of the School District's bank balance was exposed to custodial credit risk.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

NOTE 2 – DEPOSITS (continued)

The following is a breakdown of the School District’s bank deposits at June 30, 2022:

Insured - FDIC	\$ 241,252
Entered in repurchase agreement	<u>255,941</u>
Total bank balance at June 30, 2022	<u><u>\$ 497,193</u></u>

NOTE 3 – CAPITAL ASSETS

The summary of changes in capital assets as of June 30, 2022 is as follows:

	Balance <u>June 30, 2021</u>	<u>Additions</u>	<u>Depreciation</u>	Balance <u>June 30, 2022</u>
Land	\$ 40,292	\$ -	\$ -	\$ 40,292
Buildings and improvements	4,866,149	-	-	4,866,149
Equipment	280,742	-	-	280,742
Vehicles	41,901	-	-	41,901
Accumulated depreciation	<u>(3,346,301)</u>	-	<u>(135,273)</u>	<u>(3,481,574)</u>
Total capital assets	<u><u>\$ 1,882,783</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (135,273)</u></u>	<u><u>\$ 1,747,510</u></u>

Depreciation expense was \$135,273, of which \$10,984 was allocated to technology, \$115,909 was allocated to facilities, and \$8,380 was allocated to vehicles.

NOTE 4 – DUE TO/FROM OTHER FUNDS

The following is the breakdown of the funds due to/from each other:

Funds	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 153,639
Capital Projects Fund	993	-
Grant Fund	31,041	-
Food Service Fund	<u>121,605</u>	<u>-</u>
	<u><u>\$ 153,639</u></u>	<u><u>\$ 153,639</u></u>

The School District, for cash management and internal control purposes, maintains a central checking account for purposes of expense disbursements and for most of its revenue receipts.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

NOTE 5 – TAXES AND ASSESSMENTS

Taxes - The residents of Corinth and Topsham in their annual School District Meeting approve a total budget on behalf of the Waits River Valley Union #36 School District. The Towns bill and collect all taxes on behalf of the School District. All costs incurred in collecting taxes are borne by the Towns and the full amount of the tax levy is remitted to the School District.

Supervisory Union Assessment - The District is billed for its appropriate share of expenses related to the Orange East Supervisory Union, as well as special education expenses. The District paid \$728,315 of such expenses during the year ended June 30, 2022.

NOTE 6 - CONCENTRATION OF REVENUE

The School District receives approximately 82% of its revenue from Act 68 State Aid. This amount of Act 68 State Aid received by the School District is equal to the budgeted expenditures approved by the voters less expected other revenues for the year. Act 68 State Aid is funded with statewide property taxes. The State determines a different education property tax rate for homestead and non-homestead properties based on statewide information. The tax rate for homestead for towns in the School District is adjusted based on the amount of Act 68 State Aid in relation to the number of students in the respective towns. The tax rate for non-homestead property in these towns is not impacted by the amount of the School District's Act 68 State Aid. The State uses a common level of appraisal to equalize property values between communities.

In addition to Act 68, the School District receives grants from the State of Vermont for special education, transportation and other programs.

NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS

Vermont State Teachers' Retirement System of Vermont

Plan description. The State of Vermont contributes on behalf of the School District to the Vermont State Teachers Retirement System (VSTRS) which is a cost sharing multiple employer defined benefit pension plan with a special funding situation. It covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2021, the retirement system consisted of 132 participating employers.

The plan was created in 1947, and is governed by Title 16, V.S.A. Chapter 55.

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

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

The Pension Plan is divided into the following membership groups:

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

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

	<u>Group A</u>	<u>Group C - Group #1*</u>	<u>Group C - Group #2**</u>
Normal service retirement eligibility (no reduction)	Age 60 or with 30 years of service	Age 62 or with 30 years of service	Age 65 or when the sum of age and service equals 90
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave, and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Benefit formula - normal service retirement	1.67% x creditable service x AFC	1.25% x service prior to 6/30/90 x AFC plus 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 6/30/90 x AFC plus 1.67% x service after 7/1/90 x AFC, 2.0% x ATF after attaining 20 years
Maximum Benefit payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%, minimum of 1% after 12 months of normal retirement or age 65
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction
Disability Benefits	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applies plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applies plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applies plus children's benefits up to maximum of three concurrently

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

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

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

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

Significant Actuarial Assumptions and Methods

The total pension liability as of June 30, 2021 was determined by rolling forward the total pension liability as of June 30, 2020 to June 30, 2021.

Investment rate of return: 7.00%, net of pension plan investment expenses, including inflation.

Salary Increases: Ranging from 3.30% to 10.50%.

Mortality:

Pre-retirement: PubT-2010 Teacher Employee Table with generational projection using upscale MP-2019

Healthy Post-retirement: PunT-2010 Teacher Retiree Table with generational projection using upscale MP-2019

Beneficiary Healthy Post-retirement: 109% of the Pub-2010 Contingent Survivor Table with generational projection using MP-2019

Disabled Post-retirement: PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019

Inflation: 2.3%

Spouse's Age: Females three years younger than males

Cost of Living Adjustments: 2.40% (0.00% for 2021 and 4.60% for 2022) for Group A members and 1.35% (1.00% for 2021 and 2.30% for 2022) for Group C members.

Actuarial Cost Method: Entry Age Actuarial Cost Method. Entry Age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

Assets: The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an "actuarial value of assets" that differs from the market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

Long-term expected rate of return:

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

Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00%	5.05%
Large Cap US Equities	4.00%	4.00%
Small/Mid Cap Equities	3.00%	4.50%
Non-Developed Market Equities	7.00%	5.50%
Private Equity	10.00%	6.75%
Emerging Markets Debt	4.00%	3.00%
Core Fixed Income	19.00%	0.00%
Private & Alternate Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	4.00%	3.75%
Non-Core Real Estate	4.00%	5.75%
Infrastructure/Farmland	3.00%	4.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefits for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%) than the current rate:

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
\$4,683,250	\$3,575,519	\$2,659,290

State Teachers' Retirement System of Vermont

The contribution made by the State on behalf of the participants in the State Teachers' Retirement System is \$90,065 and is reported on Exhibit E. This amount is based on information provided by the State. For the government wide financials the amount the School District reports its proportionate share of pension expense was \$345,896. Of the School District's total payroll of \$2,256,088, \$1,529,542 was covered under the Vermont State Teachers' Retirement System.

Plan Fiduciary Net Position - Detailed information about the Plan's fiduciary net position is available in the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance and Management website.

Special Funding Situation

The State of Vermont is the nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the School District. Therefore the School District is considered to be in a special funding situation as defined in GASB No. 68 and the State of Vermont is treated as a nonemployer contributing entity to VSTRS. Effective July 1, 2015, the State is assessing a \$1,275 annual charge for teacher's health care for all new teachers hired during the year. The total amount paid by the School District was \$17,420 for the year ended June 30, 2022. Since the School District does not contribute directly to VSTRS, no net pension liability is recorded by the School District. However, the notes to the financial statements of the School District must disclose the portion of the State's share of the collective net pension liability that is associated with the School District. In addition, each School District recognizes its portion of the collective pension expense as both revenue and pension expense.

Plan description.

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

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2021, the plan consisted of 132 participating employers.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

Vermont Statute Title 16 Chapter 55 assigns the authority to VSTRS to establish and amend the benefits provisions of the Plan and to establish maximum obligations of the Plan members to contribute to the Plan. Management of the Plan is vested in the Vermont State Teachers' Retirement System Board of Trustees, which consists of the Secretary of Education (ex-officio); the State Treasurer (ex-officio); the Commissioner of Financial Regulation (ex-officio); two trustees and one alternate who are members of the system (each elected by the system under rules adopted by the Board) and one trustee and one alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont).

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

Summary of Plan

Eligibility:

VSTRS retirees and their spouses are eligible for health coverage if the retiree is eligible for pension benefits. Pension eligibility requirements are below:

- Group A – Public school teachers employed within the State of Vermont prior to July 1, 1981 and elected to remain in Group A
 - Retirement: Attainment of 30 years of creditable service, or age 55
- Group C – Public school teachers employed within the State of Vermont on or after July 1, 1990. Teachers hired before July 1, 1990 and were Group B members in service on July 1, 1990 are now Group C members. Grandfathered participants are Group C members who were within five years of normal retirement eligibility as defined prior to July 1, 2010.
 - Retirement Group C Grandfathered: Attainment of age 62, or 30 years creditable service, or age 55 with 5 years of creditable service.
 - Retirement Group C Non-grandfathered: Attainment of age 65, or age plus creditable service equal to 90, or age 55 with 5 years of creditable service.

Vesting and Disability: 5 years of creditable service. Participants who terminate with 5 years of service under the age of 55 may elect coverage upon receiving pension benefits.

Benefit Types: Medical and prescription drug. Retirees pay the full cost for dental benefits.

Duration of Coverage: Lifetime.

Spousal Benefits: Same benefits as for retirees.

Spousal Coverage: Lifetime.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

Retiree Contributions:

Retired before June 30, 2010:

Retirees with at least 10 years of service pay premium costs in excess of an 80% VSTRS subsidy. Retirees with less than 10 years of service do not receive any premium subsidy.

Spouses do not receive any premium subsidy, regardless of the retiree's service.

Retired after June 30, 2010:

Retirees pay premium costs in excess of the following VSTRS subsidy, based on service:

<u>Retiree Subsidy Level</u>	<u>Subsidy</u>
Years of Service at June 30, 2010	
10 years or more	80%
Less than 10 years	
Less than 15 years at retirement	0%
15-19.99 years at retirement	60%
20-24.99 years at retirement	70%
25 or more years at retirement	80%

Spouses of retirees can receive an 80% subsidy, if they meet the following requirements:

Spouse Coverage with 80% Subsidy

<u>Years of Service at June 30, 2010</u>	<u>Required Years of Service at Retirement</u>
Less than 10 years	25 years of service at retirement
Between 10 and 14.99 years	25 years of service at retirement
Between 15 and 24.99 years	10 additional years from June 30, 2010
Between 25 and 29.99 years	35 years of service at retirement
30 or more years	5 additional years from June 30, 2010

Spouses of retirees who do not meet the above requirements for an 80% subsidy can receive unsubsidized coverage.

Premium Reduction Option:

Participants retiring on or after January 1, 2007 with a VSTRS premium subsidy have a one-time option to reduce the VSTRS subsidy percentage during the retiree's life so that a surviving spouse may continue to receive the same VSTRS subsidy for the spouse's lifetime. If the retiree elects the joint and survivor pension option but not the Premium Reduction Option, spouses are covered for the spouse's lifetime but pay 100% of the plan premium after the retiree's death.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

Actuarial assumptions

The Total OPEB Liability used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate: 2.20% - a blend of long-term expected rate of return of OPEB Trust assets (7.00% as of June 30, 2021) and a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2020 (2.16% as of June 30, 2021).

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

Age	Annual Rate of Salary Increase
20	10.5%
25	9.50%
30	6.50%
35	5.95%
40	5.30%
45	4.50%
50	4.20%
55	3.80%
60	3.55%
65	3.40%
70	3.30%

Inflation: 2.00%

Retiree Contributions: Retiree contributions were assumed to increase with health trend. Retiree contribution rates were based on non-Medicare premiums effective July 1, 2021 and Medicare premiums effective January 1, 2022. The proportion of retirees enrolling in each plan option was assumed to remain the same in future years.

Mortality Rates:

Pre-retirement mortality: PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP-2019

Post-retirement mortality: Retiree: PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table with generational projection using scale MP-2019

Spouses: 109% of the Pub2010 Contingent Survivor Headcount-Weighted Table with generational projection using scale MP-2019

Disabled mortality: PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2019

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

Actuarial Cost Method: Entry-Age Normal, Level Percentage of Pay

Asset Valuation Method: Market Value

Measurement Date: June 30, 2021

Actuarial Valuation Date: June 30, 2020

Per Capita Cost Development:

Medical and Prescription Drug

Per capita claims costs were based on claims for the period July 1, 2018 through June 30, 2021. Claims were separated by non-Medicare and Medicare retirees, and by claim type (medical vs. prescription drug). Claims were separated by plan year, then adjusted as follows:

- total claims were divided by the number of adult members to yield a per capita claim,
- the per capita claim was trended to the midpoint of the valuation year at assumed trend rates, and
- the per capita claim was adjusted for the effect of any plan changes.

Per capita claims for each plan year were then combined by taking a weighted average. The weights used in this average account for a number of factors including each plan year's volatility of claims experience and distance to the valuation year. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse costs by age and by gender. The prescription drug claims were then adjusted for assumed rebates and EGWP reimbursements.

Medicare Medical and Prescription Drug:

Per capita claims costs were based on a weighted average of the premium rates effective January 1, 2022. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse costs by age and by gender.

Administrative Expenses

Per capita expenses were based on expenses in effect on July 1, 2022, trended back to the valuation date.

Per Capita Health Costs:

Medical and prescription drug claims for the year beginning July 1, 2021 are shown in the table below for retirees and for spouses at selected ages. These costs are net of deductibles and other benefit plan cost sharing provisions.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

Age	Non-Medicare Medical				Non-Medicare Prescription Drugs			
	Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female
50	\$ 9,421	\$ 10,731	\$ 6,581	\$ 8,616	\$ 1,752	\$ 1,995	\$ 1,223	\$ 1,602
55	11,189	11,552	8,806	9,974	2,080	2,148	1,637	1,854
60	13,288	12,451	11,788	11,567	2,470	2,315	2,192	2,151
64	15,244	13,209	14,881	13,019	2,834	2,456	2,767	2,421

Age	Medicare Medical & Prescription Drugs			
	Retiree		Spouse	
	Male	Female	Male	Female
65	\$ 3,736	\$ 3,176	\$ 3,736	\$ 3,176
70	4,330	3,422	4,330	3,422
75	4,666	3,684	4,666	3,684

Administrative Expenses:

For participants under age 65 with health and welfare coverage, an annual administrative expense of \$667 increasing at 3.0% per year was added to projected incurred claim costs in developing the benefit obligations.

For participants over age 65 with health and welfare coverage, an annual administrative expense of \$334 for the year beginning July 1, 2021 was added to projected incurred claim costs in developing the benefit obligations.

For participants over age 65 with health and welfare coverage, an annual administrative expense of \$90 for the year beginning July 1, 2022 was added to projected incurred claim costs in developing the benefit obligations.

These annual administrative expenses are projected to increase at 3.0% per year thereafter. An annual administrative expense of \$580 per participant with health and welfare coverage increasing at 3.0% per year was added to projected incurred claim costs in developing the benefit obligations.

Health Care Cost Trend Rates:

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are “net“ and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that is applied to that year’s cost to yield the next year’s projected cost.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS & POSTEMPLOYMENT BENEFITS
(continued)**

Year Ending June 30	Non-Medicare	Medicare
2022	6.700	6.000*
2023	6.475	5.860
2024	6.250	5.720
2025	6.025	5.580
2026	5.800	5.440
2027	5.575	5.300
2028	5.350	5.160
2029	5.125	5.020
2030	4.900	4.880
2031	4.675	4.740
2032	4.500	4.600
2033 & Later	4.500	4.500

* A first year trend of -1.91% was applied to Medicare claims costs to reflect the plan change to a Medicare Advantage Prescription Drug Program.

The trend rate assumptions were developed using Segal’s internal guidelines, which are established each year using data sources such as the 2021 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor Statistics.

Retiree Contribution Increase Rate:

Retiree contributions were assumed to increase with health trend. Retiree contribution rates were based on premiums effective July 1, 2021 and Medicare premiums effective January 1, 2022. The proportion of retirees enrolling in each plan option was assumed to remain the same in future years.

Health Care Reform Assumption:

The Plan is assumed to be in compliance with the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (HCERA) of 2010 as of the valuation date.

NOTE 8 – LEASE COMMITMENTS

On December 12, 2017, the School District entered into a lease agreement with Ikon Office Solutions for the lease of a copier for \$360 per month for 60 months. Lease payments made under this agreement totaled \$4,320.

The following is a schedule of future minimum lease payments under the lease:

During the year ending June 30,

2023	<u>2,160</u>
	<u>\$ 2,160</u>

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

NOTE 9 – SHORT TERM DEBT

During the year ending June 30, 2022, the School District executed a short term borrowing arrangement with a borrowing capacity of \$1,211,245 from Community Bank, N.A., which charged interest at 1.25%. The School District had drawdowns on this arrangement noted below. The arrangement was paid in full during June 2022.

The following is a summary of the changes in short-term-debt:

Beginning balance	\$ -
Proceeds from Tax Anticipation Notes	685,000
Repayment of Tax Anticipation Notes	<u>(685,000)</u>
Ending balance	<u><u>\$ -</u></u>

Total interest expense for all debt during the year included in the education expenses on Exhibit B and E is \$3,605.

NOTE 10 – FUND BALANCES/NET POSITION

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Board of School Director's intended use of the resources); and unassigned.

Special Revenue Funds are created only to report a revenue (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special Revenue Funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstance or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The School District does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The School District does not have any minimum fund balance policies.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

NOTE 10 – FUND BALANCES/NET POSITION (continued)

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the School District’s policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

The fund balances in the following funds are restricted as follows:

Special Revenue Funds:

Restricted for Food Service Fund	\$ 121,992
Total Restricted Fund Balances	<u>\$ 121,992</u>

The fund balances in the following funds are committed as follows:

<u>General Fund</u>				
Education stabilization fund				\$ 26,262
<u>Capital Projects Fund</u>				
Committed for capital improvements				218,939
Total Committed Fund Balances				<u>\$ 245,201</u>

NOTE 11 - RECONCILIATION OF EXHIBIT E TO EXHIBIT G

Amounts recorded in the Statement of Revenues, Expenditures and Change in Fund Balance Budget to Actual – General Fund (Exhibit G) are reported on the basis budgeted by the School District. Amounts recorded in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit E) for the General Fund were adjusted for on behalf payments of fringe benefits (see Note 1 and 7) as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Exhibit E	\$ 5,970,657	\$ 6,040,913
On behalf payments	<u>(90,065)</u>	<u>(90,065)</u>
Exhibit G	<u>\$ 5,880,592</u>	<u>\$ 5,950,848</u>

NOTE 12 – BUDGETARY COMPARISON SCHEDULES

The School District is not legally required to adopt budgets for the Food Service Fund. Therefore, a budgetary comparison is not presented for this fund.

NOTE 13 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The School District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

WAITS RIVER VALLEY UNION #36 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

NOTE 13 - RISK MANAGEMENT (continued)

In addition, the School District is a member of the Vermont School Boards' Association Insurance Trust, Inc. (VSBIT) Medical Benefits Program and Unemployment Compensation Program. VSBIT is a nonprofit corporation formed in 1978 to provide insurance and risk management programs for Vermont school districts and is owned by the participating districts.

To provide health insurance coverage, VSBIT has established a self-funded fully insured program in conjunction with Blue Cross and Blue Shield (BCBS). A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. Contributions in excess of claims requirements, reserve fund requirements, reinsurance and administrative costs are returned to participants. The pooling agreement does not permit the pool to make additional assessments to its members.

NOTE 14 – CONTINGENCIES

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

NOTE 15 – COVID-19

The COVID-19 outbreak in the United States and other countries has caused business disruption through mandated and voluntary closings, travel restrictions, quarantine requirements, and other disruptions to general business operations. While the disruptions are currently expected to be temporary, there is uncertainty around the duration of the various mandated and voluntary restrictions in place, and what, if any, negative financial impact it will have on the School District. As of the date of this report, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 16 – PRIOR PERIOD ADJUSTMENT

During the fiscal year ending June 30, 2022, the School District noted that a health insurance withholding liability was overstated and entries were posted to correctly state the liability. Accordingly, the fund balance as of June 30, 2021 was restated to reflect the change. The beginning net position and fund balance of the General Fund was reduced by \$23,176 to record the restatement.

NOTE 17 – SUBSEQUENT EVENTS

During July 2022, the School District executed a Tax Anticipation Note with Community Bank, N.A. with a borrowing capacity of \$1,156,477 and interest charged at 2.15%. The arrangement is to be paid in full by June 30, 2023.

Management has evaluated subsequent events January 15, 2023, the date which the financial statements were available for issue. Management is not aware of any subsequent events which require disclosure.

VERMONT STATE TEACHERS RETIREMENT SYSTEM
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

AS OF MEASUREMENT DATE JUNE 30,

	2021	2020	2019
Total Plan Net Pension Liability	\$ 1,695,489,780	\$ 1,951,128,430	\$ 1,560,624,850
School District's Proportion of the Net Pension Liability	0.21088%	0.21258%	0.19479%
School District's Proportionate Share of the Net Pension Liability	\$ 3,575,519	\$ 4,147,621	\$ 3,039,945
School District's Covered Employee Payroll	\$ 1,529,542	\$ 1,517,333	\$ 1,338,469
Proportionate Share of the Net Pension Liability as a Percentage of Covered - Employee Payroll	233.7640%	273.3494%	227.1211%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.83% as of June 30, 2021	50.00% as of June 30, 2020	54.96% as of June 30, 2019

Notes to Schedule:

Benefit Changes: None.

Significant Actuarial Assumptions: Refer to Note 7 for a description of the significant actuarial assumptions and other relevant information of the plan.

INDEPENDENT AUDITOR’S 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*

To the Board of Directors
Waits River Valley Union #36 School District
East Corinth, Vermont

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 Waits River Valley Union #36 School District (the “School District”), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 15, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District’s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. 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*.

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.



Registration number VT092.0000684

January 15, 2023