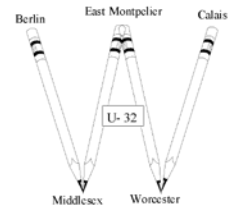


Washington Central Unified Union School District

WCUUSD exists to nurture and inspire in all students the passion, creativity and power to contribute to their local and global communities.

1130 Gallison Hill Road
Montpelier, VT 05602
Phone (802) 229-0553
Fax (802) 229-2761

Bryan Olkowski
Superintendent



WCUUSD Finance Committee

Meeting Agenda

3.30.21 8:30-9:30 A.M.

<https://tinyurl.com/brehb394>

Via Video Conference*

Meeting ID: 896 3021 9702

Password: 751673

Dial by Your Location: 1-929-205-6099

1. Call to Order
2. Executive Session-Personnel
3. Elect Chair of Committee
4. Approve Minutes of 3.16.21 – pg.2
5. Discussion/Action
 - 5.1. Audit Report FY 20 – pg.4
 - 5.2. Berlin Storm Water Bid – pg.119
 - 5.3. Update Electric Vehicle Charger at Rumney – pg.120
6. Next Meeting Date and Future Agenda Items
 - 6.1. April 20, 2021
 - 6.2. May 4, 2021
 - 6.3. May 18, 2021
 - 6.4. June 15, 2021
 - 6.5. Energy Project Consultant
 - 6.6. Net Metering Proposal
5. Adjourn

***Open Meeting Law temporary changes as of 3/30/20:**

Boards are not required to designate a physical meeting location. Board members and staff are not required to be present at a designated meeting location.

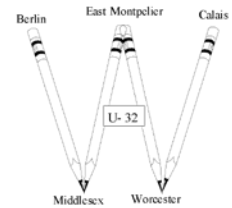
Our building will not be open for meetings. All are welcome to attend virtually.

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Bryan Olkowski
Superintendent



WCUUSD Finance Committee Meeting Minutes Unapproved 3.16.21 8:30 – 9:30 a.m.

Committee Members Present: Bryan Olkowski, Superintendent; Lori Bibeau, Business Administrator; Jim Garrity, Interim Director of Technology; Flor Diaz-Smith, Scott Thompson, Kari Bradley

- 1. Call to Order:** Bryan Olkowski called the meeting to order at 8:32 a.m.
- 2. Elect Chair of Committee:** Scott Thompson nominated Flor Diaz Smith as acting Chair pending reconstitution of the Finance Committee. Kari Bradley seconded. The vote passed **unanimously**. Scott Thompson suggested that reconstitution of the committee include one member from each town on these committees.
- 3. Approve Minutes of 2.16.21:** Scott Thompson motioned to approve the minutes. Kari Bradley seconded the motion. The motion passed **unanimously**.
- 4. Discussion/Action**

Agenda Revision:

Kari went over the parameters that were set this year and the committee discussed how well they worked:

1. Establish a budget of less than 3% net impact on taxes.
2. Find ways to pay for the three strategic initiatives.
3. Prepare a list of contingencies.
4. Establish a budget that is less than the excess spending.
5. Establish a budget that will work towards MTSS in all schools.

The committee discussed ideas of what they could look at in the future when preparing the budget. Some of the ideas included: looking at declining student enrollment and cost per pupil, Administrative comparable, looking at early retirement in the future, diversifying the workforce, centralizing the HR function and curriculum development.

- 4.1. Technology bid:** Jim Garrity explained the need for new storage and virtualization equipment. There was a previous budget of 90k for storage and server equipment. This would help in having some redundancy with our equipment. There were three bids received from the following vendors: Echo star, Cambridge Computers and Hytec. Cambridge Computer is recommended as the low bidder. Jim is asking to approve the bid from Cambridge Computers for 189,449.29. There is availability in the budget. **Scott motioned to recommend the bid to the Board that approve for Cambridge Computers. Kari Bradley seconded. The motion passed unanimously.**

- 4.2. Capital Timeline Review:** Lori explained that the timeline does not mirror the Board meeting schedule. This does not align with being able to approve projects that are happening and it may be difficult to hire contractors.
- 4.3. Authorization for Finance Committee to Award Bids:** Scott Thompson made a motion to recommend the Finance Committee authorize bids for the remainder of the 20-21 school year. Kari Bradley seconded. The motion passed unanimously
- 4.4. Electric Vehicle Charger at Rumney:** Jim advised that we have spoken with the Middlesex Select Board. They were interested in seeing the charger remain. Jim recommended that it be disconnected from the Charge point software and remain on site. When it no longer works then remove it. Some discussion around security measures took place. The last time the charger was used was 2018. Jim advised there would be expenses to remove the charger. Jim withdrew his recommendation until the next finance committee meeting when he can get more information surrounding security measures. He will research the costs to compare how much it would be to remove the charger vs. put in security measures.
- 4.5. House Ways and Means Testimony:** Lori provided testimony to the House Ways and Means Committee regarding H.31. In H.31 the merger benefits did not affect the districts that involuntary merged, it affected all districts. This is expected to pass in the House Ways and Means Committee. WCUUSD should see the continuation of merger support grants (Small schools grant). They are looking at how it will be recalculated.
- 4.6. Statewide financial Software Update:** In 2018, the state required the school districts to use a new software called E- Finance. This software is not working well. The legislature put in a bill to pause and look at the users. WCUUSD was supposed to go live on this in 2022. They are recommending that there be an option to defer. Lori asked for permission to request the last possible group to use this software, as there are too many issues. 300k was set aside for this conversion.

Flor advised that the Business Administrator search would be reopened.

5. Next Meeting Date and Future Agenda Items:

Time for next meetings 8:30-9:30

- April 20, 2021
- May 18, 2021
- June 15, 2021
- Energy Project Consultant
- Net Metering Proposal

6. Adjourn: Flor Diaz Smith adjourned the meeting at 9:40



Proven Expertise & Integrity

November 16, 2020

Board of Directors
Washington Central Unified Union School District
1130 Gallison Hill Road
Montpelier, Vermont 05602

MANAGEMENT LETTER

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Washington Central Unified Union School District as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control. We did so to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for expressing our opinion on the effectiveness of the Washington Central Unified Union School District's internal control over financial reporting or compliance.

During our audit we became aware of several matters referred to as "management letter comments" that offer opportunities for strengthening internal control and improving operating efficiencies of the Washington Central Unified Union School District. The following pages summarize our comments and suggestions on those matters.

This report is intended solely for the information and use of the Board of Directors, management and others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

These matters do not modify our opinion on the financial statements for the year ended June 30, 2020, where we expressed an unmodified opinion on our independent auditors' report dated October 2, 2020.

Cash Receipts:

While performing the audit for the above-mentioned fiscal year, we noted that financial transactions identified as cash receipts and cash disbursements were posted as net activity in the District's financial accounting software. We recommend that management review and revise its procedures to help ensure that all transactions are properly segregated, processed and recorded in its financial accounting software in compliance with generally accepted accounting principles (GAAP) and to help avoid material misstatements in the financial statements.

Management Response:

Federal Procurement:

While performing our audit for the above-mentioned fiscal year, we noted that purchases from federal funds that did not follow federal purchasing procedures. As a recipient of federal funds, the District is required to adhere to all required federal purchasing/procurement procedures as outlined and detailed by Uniform Guidance. We recommend that management review and revise its procedures to ensure compliance with all applicable federal/state statutes and regulations, to help reduce the risk of fraud and to help reduce the risk of material misstatements in the financial statements.

Management Response:

We would like to thank Lori, Virginia, Matt and all of the staff at the Washington Central Unified Union School District for their cooperation throughout this audit process.

If there are any questions regarding this letter, please do not hesitate to call.

Very Best,

A handwritten signature in black ink that reads "RHR Smith & Company". The signature is written in a cursive, flowing style.

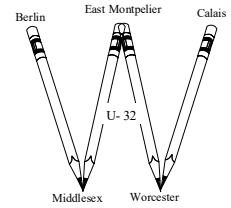
RHR Smith & Company, CPAs

Washington Central Unified Union School District

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Bryan M. Olkowski
Superintendent



TO: Miranda MacDonald, Auditor, RHR Smith & Co.
FROM: Lori T. Bibeau, WCUUSD Business Administrator
RE: Management Letter Response
DATE: March 24, 2021

This is a response to the Management Letter findings dated November 16, 2020.

Cash Receipts:

On August 5, 2020, I notified the U32 Principal, U32 Bookkeeper and Fiscal Staff of the audit finding. I instructed U32 to update their fundraising forms and procedures to be sure payments should not be taken out of the revenue proceeds prior to the deposit being made. Also, that all expenses be processed through Accounts Payable system and all revenues be deposited without reductions. The updated forms and procedures will be available for review during the pre-audit visit in May 2021.

Federal Procurement:

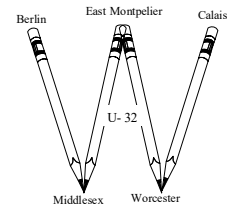
On September 2, 2020, I notified the WCUUSD Special Education Director, Special Education Administrative Assistant and Fiscal Staff of the audit finding for IDEA B procurement forms and procedures. We held a meeting to review the finding in more detail. Attached is memo from the Special Education Director addressing the corrective action taken for this audit finding.

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Bryan Olkowski
Superintendent



To: Miranda MacDonald, Auditor, RHR Smith & Co.

From: Kelly Bushey, WCUUSD Director of Special Services

Date: March 24, 2021

Re: Federal Procurement Procedures

We have reviewed the auditors' findings for federal purchasing/procurement procedures. We have reviewed our internal processing and re-trained staff. The procurement process is being completed prior to purchase orders being issued for the IDEA B grant. In the past, we have primarily paid for staff from the IDEA B. We are now budgeting for supplies and materials in the IDEA B grant which will result in the utilization of the procurement procedures. Thank you for bringing this to our attention.



Proven Expertise & Integrity

October 2, 2020

Board of Directors
Washington Central Unified Union School District
Montpelier, Vermont

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Washington Central Unified Union School District for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 3, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Washington Central Unified Union School District are described in Note 1 of Notes to Financial Statements. We noted no transactions entered into by the Washington Central Unified Union School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

As described in Note 1 of Notes to Financial Statements, the Washington Central Unified Union School District changed accounting policies related to Governmental Accounting Standards Board (GASB Statement) No. 97, "*Certain Component Unit Criteria (paragraphs 4 & 5)*" in 2019. There was no impact in the financial statements based on the cumulative effect of this accounting change.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Washington Central Unified Union School District's financial statements were:

- ☐ Depreciation expense which is based on the estimated useful lives of capital assets
- ☐ Pension and OPEB related assets, liabilities and expenses which are based on actuarial valuations
- ☐ Accrued compensation
- ☐ Deferred revenues

Management's process for determining the above estimates is based on firm concepts and reasonable assumptions of both historical and future events. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are reflected in the capital assets, long-term obligations and fund balance footnotes.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. A schedule of any uncorrected misstatements has been presented to management with the management representation letter. We did not identify or propose any adjustments of misstatements as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 30, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Washington Central Supervisory Union’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Washington Central Unified Union School District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

However, we noted certain other matters that we reported to management of the Washington Central Unified Union School District in a separate letter dated November 16, 2020.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pensions, Schedule of Proportionate Share of the Net OPEB Liability, Schedule of Contributions - OPEB and Notes to Required Supplementary Information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Washington Central Supervisory Union and is not intended to be, and should not be, used by anyone other than these specified parties.

Very Best,

A handwritten signature in black ink that reads "RHR Smith & Company". The script is cursive and fluid, with the initials "RHR" being prominent at the start.

RHR Smith & Company, CPAs

Federal Compliance Audit

**Washington Central Unified Union
School District**

June 30, 2020



Proven Expertise & Integrity

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

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JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Washington Central Unified Union School District
Montpelier, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Washington Central Unified Union School District as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Washington Central Unified Union School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Washington Central Unified Union School District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 4 through 12 and 58 through 63 be presented to supplement the basic financial statements. Such information, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington Central Unified Union School District's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2020, on our consideration of the Washington Central Unified Union School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Washington Central Unified Union School District's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
October 2, 2020

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

(UNAUDITED)

The following management's discussion and analysis of the Washington Central Unified Union School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the School District's financial statements.

Financial Statement Overview

The School District's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension and OPEB information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the School District's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the School District's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have separate columns for the two different types of School District activities. The types of activities presented for the School District are:

- *Governmental activities* - The activities in this section are mostly supported by intergovernmental revenues (federal and state grants), support from the towns and charges for services. Most of the School District's basic services are reported in governmental activities, which include direct services, support services, fiscal services, operations and maintenance, transportation and program expenses.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. The activity for the School District includes the child care fund, the food service fund and the internal service funds.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the School District can be classified into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds: Most of the basic services provided by the School District are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the School District's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the School District.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the

governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The School District presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The School District's major funds are the general fund and the construction fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the School District legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The School District maintains three proprietary funds, the child care fund and the food service fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the School District. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the School District's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Changes in Net Position - Fiduciary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pensions, a Schedule

of Proportionate Share of the Net OPEB Liability, a Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the School District's governmental and business-type activities. The School District's total net position for governmental activities increased by \$24,441,856 from an equity transfer from the previous supervisory union and school districts of \$21,814,093 along with a current year surplus of \$2,623,343. For business-type activities, the School District's total net position increased by \$1,182,786 from an equity transfer of \$1,066,606 along with an increase in net position of \$116,180.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - ended the year for governmental activities with a balance of \$6,130,854 at the end of the fiscal year. For business-type activities, the balance was \$242,015.

Table 1
Washington Central Unified Union School District
Net Position
June 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Assets:		
Current Assets	\$ 7,566,693	\$ 270,506
Noncurrent Assets - Capital Assets	29,651,118	940,771
Total Assets	<u>\$ 37,217,811</u>	<u>\$ 1,211,277</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	\$ 320,758	\$ -
Total Deferred Outflows of Resources	<u>\$ 320,758</u>	<u>\$ -</u>
Liabilities:		
Current Liabilities	\$ 1,489,202	\$ 22
Noncurrent Liabilities	11,204,208	-
Total Liabilities	<u>\$ 12,693,410</u>	<u>\$ 22</u>
Deferred Inflows of Resources:		
Deferred Revenues	\$ 390,963	\$ 28,469
Deferred Inflows Related to Pensions	12,340	-
Total Deferred Inflows of Resources	<u>\$ 403,303</u>	<u>\$ 28,469</u>
Net Position:		
Net Investment in Capital Assets	\$ 18,305,425	\$ 940,771
Restricted	5,577	-
Unrestricted	6,130,854	242,015
Total Net Position	<u>\$ 24,441,856</u>	<u>\$ 1,182,786</u>

Revenues and Expenses

Prior year comparisons have not been presented as balances for 2019 have not been presented. This was the first year that the School District was established.

Table 2
Washington Central Unified Union School District
Changes in Net Position
For the Year Ended June 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 1,081,930	\$ 569,821
Operating grants and contributions	5,129,964	779,769
<i>General Revenues:</i>		
Grants and contributions not restricted to specific programs	32,333,546	-
Miscellaneous	2,110,103	37,182
Total revenues	<u>40,655,543</u>	<u>1,386,772</u>
Expenses		
Direct services	18,137,169	-
Support services:		
Instructional staff services	4,123,471	-
General administrative services	736,467	-
Area administrative services	2,299,148	-
Fiscal services	822,304	-
Operations and maintenance	2,503,023	-
Transportation	1,440,043	-
On-behalf payments	3,887,832	-
Program expenses	2,365,314	1,380,594
Interest on long-term debt	319,509	-
Unallocated depreciation	1,283,498	-
Total expenses	<u>37,917,778</u>	<u>1,380,594</u>
Excess (deficiency) of revenues over (under) expenses	<u>2,737,765</u>	<u>6,178</u>
Special and extraordinary items:		
Transfers	(110,002)	110,002
Equity transfer	21,814,093	1,066,606
Total special and extraordinary items	<u>21,704,091</u>	<u>1,176,608</u>
Change in Net Position	24,441,856	1,182,786
Net Position - July 1	-	-
Net Position - June 30	<u>\$ 24,441,856</u>	<u>\$ 1,182,786</u>

Financial Analysis of the School District's Fund Statements

Governmental funds: The financial reporting focus of the School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the School District's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
Washington Central Unified Union School District
Fund Balances - Governmental Funds
June 30, 2020

Major Funds:	
General Fund:	
Nonspendable	\$ 1,209
Assigned	3,176,243
Total General Fund	<u>\$ 3,177,452</u>
Construction Fund:	
Committed	\$ 2,573,393
Total Construction Fund	<u>\$ 2,573,393</u>
Nonmajor Funds:	
Permanent Funds:	
Restricted	5,577
Total Nonmajor Funds	<u>\$ 5,577</u>

Prior year balances have not been presented as this is the first year of activity for the School District. Most of these balances are a result of equity transfers in from the supervisory union and school districts.

Budgetary Highlights

There was no difference between the original and final budget for the general fund.

The general fund actual revenues exceeded budgeted revenues by \$2,193,276. This was mainly a result of the equity transfer in from the prior supervisory union and school districts.

The general fund actual expenditures were below budget by \$984,176. This was the result of all expense categories being under budget with the exception of transfers to other funds.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2020, the net book value of capital assets recorded by the School District increased by \$247,575 in the current year along with an equity transfer of net capital assets from the prior supervisory union and school districts of \$30,344,315. This increase was due to current year additions of \$1,773,019 less current year disposals of \$192,348 and current year depreciation expense of \$1,333,096.

Table 4
Washington Central Unified Union School District
Capital Assets (Net of Depreciation)
June 30,

	<u>2020</u>	<u>2019</u>
Land, sitework and construction in progress	\$ 1,551,724	\$ 1,001,683
Buildings and improvements	27,510,152	27,849,924
Furniture and equipment	1,458,104	1,435,818
Vehicles	71,909	56,889
Total	<u>\$ 30,591,889</u>	<u>\$ 30,344,314</u>

Debt

At June 30, 2020, the School District had \$11,345,693 in bonds and notes from direct borrowings payable versus \$12,691,381 that was transferred from the supervisory union and school districts. Refer to Note 7 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The 2020 - 2021 budget could be severely impacted by the reduction of funding from the State.

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the School District. No assurance can be given regarding future events or impacts because

these actions and events are unpredictable or unknowable at this time and are outside the control of the School District.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers 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 School District at 1130 Gallison Hill Road, Montpelier, Vermont 05602.

STATEMENT A

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,473,091	\$ 883	\$ 6,473,974
Accounts receivable (net of allowance for uncollectibles)	1,358	7,036	8,394
Due from other governments	994,767	306,679	1,301,446
Inventory	1,209	30,276	31,485
Prepaid items	-	21,900	21,900
Internal balances	96,268	(96,268)	-
Total current assets	<u>7,566,693</u>	<u>270,506</u>	<u>7,837,199</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	2,168,456	-	2,168,456
Buildings, building improvements and other assets, net of accumulated depreciation	<u>27,482,662</u>	<u>940,771</u>	<u>28,423,433</u>
Total noncurrent assets	<u>29,651,118</u>	<u>940,771</u>	<u>30,591,889</u>
TOTAL ASSETS	<u>37,217,811</u>	<u>1,211,277</u>	<u>38,429,088</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>320,758</u>	-	<u>320,758</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>320,758</u>	<u>-</u>	<u>320,758</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 37,538,569</u></u>	<u><u>\$ 1,211,277</u></u>	<u><u>\$ 38,749,846</u></u>

STATEMENT A

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 290,734	\$ 22	\$ 290,756
Current portion of long-term obligations	899,970	-	899,970
Total current liabilities	<u>1,489,202</u>	<u>22</u>	<u>1,489,224</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	10,325,552	-	10,325,552
Notes from direct borrowings payable	124,231	-	124,231
Accrued compensated absences	77,139	-	77,139
Net pension liability	677,286	-	677,286
Total noncurrent liabilities	<u>11,204,208</u>	<u>-</u>	<u>11,204,208</u>
TOTAL LIABILITIES	<u>12,693,410</u>	<u>22</u>	<u>12,693,432</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	390,963	28,469	419,432
Deferred inflows related to pensions	12,340	-	12,340
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>403,303</u>	<u>28,469</u>	<u>431,772</u>
NET POSITION			
Net investment in capital assets	18,305,425	940,771	19,246,196
Restricted	5,577	-	5,577
Unrestricted	6,130,854	242,015	6,372,869
TOTAL NET POSITION	<u>24,441,856</u>	<u>1,182,786</u>	<u>25,624,642</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 37,538,569</u>	<u>\$ 1,211,277</u>	<u>\$ 38,749,846</u>

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - type Activities	Total
Governmental activities:							
Direct services	\$ 18,137,169	\$ 1,081,930	\$ -	\$ -	\$ (17,055,239)	\$ -	\$ (17,055,239)
Support services:							
Instructional staff services	4,123,471	-	-	-	(4,123,471)	-	(4,123,471)
General administrative services	736,467	-	-	-	(736,467)	-	(736,467)
Area administrative services	2,299,148	-	-	-	(2,299,148)	-	(2,299,148)
Fiscal services	822,304	-	-	-	(822,304)	-	(822,304)
Operations and maintenance	2,503,023	-	-	-	(2,503,023)	-	(2,503,023)
Transportation	1,440,043	-	-	-	(1,440,043)	-	(1,440,043)
Program expenses	2,365,314	-	1,242,132	-	(1,123,182)	-	(1,123,182)
On-behalf payments	3,887,832	-	3,887,832	-	-	-	-
Interest on long-term debt	319,509	-	-	-	(319,509)	-	(319,509)
Unallocated depreciation (Note 4)*	1,283,498	-	-	-	(1,283,498)	-	(1,283,498)
Total governmental activities	<u>37,917,778</u>	<u>1,081,930</u>	<u>5,129,964</u>	<u>-</u>	<u>(31,705,884)</u>	<u>-</u>	<u>(31,705,884)</u>
Business-type activities:							
Child care	427,097	256,998	112,862	-	-	(57,237)	(57,237)
Food service	953,497	312,823	666,907	-	-	26,233	26,233
Total business-type activities	<u>1,380,594</u>	<u>569,821</u>	<u>779,769</u>	<u>-</u>	<u>-</u>	<u>(31,004)</u>	<u>(31,004)</u>
Total government	<u>\$ 39,298,372</u>	<u>\$ 1,651,751</u>	<u>\$ 5,909,733</u>	<u>\$ -</u>	<u>(31,705,884)</u>	<u>(31,004)</u>	<u>(31,736,888)</u>

*This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)
WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	<u>(31,705,884)</u>	<u>(31,004)</u>	<u>(31,736,888)</u>
General revenues:			
Grants and contributions not restricted to specific programs	32,333,546	-	32,333,546
Miscellaneous	2,110,103	37,182	2,147,285
Transfers	<u>(110,002)</u>	<u>110,002</u>	<u>-</u>
Total general revenues	<u>34,333,647</u>	<u>147,184</u>	<u>34,480,831</u>
Change in net position	2,627,763	116,180	2,743,943
Equity transfer in	21,814,093	1,066,606	22,880,699
NET POSITION - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION - JUNE 30	<u><u>\$ 24,441,856</u></u>	<u><u>\$ 1,182,786</u></u>	<u><u>\$ 25,624,642</u></u>

See accompanying independent auditors' report and notes to financial statements.

STATEMENT C

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,322,896	\$ 2,573,393	\$ -	\$ 5,896,289
Accounts receivable (net of allowance for uncollectibles)	1,358	-	-	1,358
Due from other governments	902,121	-	92,646	994,767
Prepaid items	1,209	-	-	1,209
Due from other funds	189,391	-	333,355	522,746
TOTAL ASSETS	<u>\$ 4,416,975</u>	<u>\$ 2,573,393</u>	<u>\$ 426,001</u>	<u>\$ 7,416,369</u>
LIABILITIES				
Accounts payable	\$ 289,220	\$ -	\$ 1,514	\$ 290,734
Due to other governments	298,498	-	-	298,498
Due to other funds	614,437	-	65,315	679,752
TOTAL LIABILITIES	<u>1,202,155</u>	<u>-</u>	<u>66,829</u>	<u>1,268,984</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	37,368	-	353,595	390,963
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>37,368</u>	<u>-</u>	<u>353,595</u>	<u>390,963</u>
FUND BALANCES				
Nonspendable	1,209	-	-	1,209
Restricted	-	-	5,577	5,577
Committed	-	2,573,393	-	2,573,393
Assigned	3,176,243	-	-	3,176,243
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>3,177,452</u>	<u>2,573,393</u>	<u>5,577</u>	<u>5,756,422</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,416,975</u>	<u>\$ 2,573,393</u>	<u>\$ 426,001</u>	<u>\$ 7,416,369</u>

See accompanying independent auditors' report and notes to financial statements.

STATEMENT D

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

	Total Governmental Funds
Total Fund Balances	\$ 5,756,422
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	29,651,118
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	320,758
Long-term obligations shown below are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(11,213,926)
Notes from direct borrowings payable	(131,767)
Accrued compensated absences	(81,199)
Net pension liability	(677,286)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(12,340)
Internal service fund net position is added to governmental activities	830,076
Net position of governmental activities	<u>\$ 24,441,856</u>

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Intergovernmental revenues	\$ 34,866,223	\$ -	\$ 1,242,132	\$ 36,108,355
Charges for services	1,081,930	-	-	1,081,930
Interest income	354,463	52,407	196	407,066
Miscellaneous revenues	336,814	16,048	386	353,248
TOTAL REVENUES	<u>36,639,430</u>	<u>68,455</u>	<u>1,242,714</u>	<u>37,950,599</u>
EXPENDITURES				
Current:				
Direct services	18,055,525	-	-	18,055,525
Support services:				
Instructional staff services	4,123,471	-	-	4,123,471
General administrative services	736,467	-	-	736,467
Area administrative services	2,299,148	-	-	2,299,148
Fiscal services	822,304	-	-	822,304
Operations and maintenance	2,503,023	-	-	2,503,023
Transportation	1,440,043	-	-	1,440,043
On-behalf payments	2,532,677	-	-	2,532,677
Program expenses	-	-	1,236,384	1,236,384
Debt service:				
Principal	1,376,690	-	-	1,376,690
Interest	288,507	-	-	288,507
Capital outlay	-	1,442,704	-	1,442,704
TOTAL EXPENDITURES	<u>34,177,855</u>	<u>1,442,704</u>	<u>1,236,384</u>	<u>36,856,943</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,461,575</u>	<u>(1,374,249)</u>	<u>6,330</u>	<u>1,093,656</u>
OTHER FINANCING SOURCES (USES)				
Equity transfer in	1,941,292	2,826,095	5,381	4,772,768
Transfers in	-	1,121,547	329,569	1,451,116
Transfers (out)	(1,225,415)	-	(335,703)	(1,561,118)
TOTAL OTHER FINANCING SOURCES (USES)	<u>715,877</u>	<u>3,947,642</u>	<u>(753)</u>	<u>4,662,766</u>
NET CHANGE IN FUND BALANCES	3,177,452	2,573,393	5,577	5,756,422
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ 3,177,452</u>	<u>\$ 2,573,393</u>	<u>\$ 5,577</u>	<u>\$ 5,756,422</u>

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 5,756,422</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,588,454
Capital assets transferred in	29,531,258
Capital asset disposals	(185,096)
Depreciation expense	<u>(1,283,498)</u>
	<u>29,651,118</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>320,758</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(12,696,906)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>1,351,213</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(12,340)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(81,199)
Net pension liability	<u>(677,286)</u>
	<u>(758,485)</u>
Internal service fund activity is classified as a governmental activity in the Statement of Activities	<u>830,076</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 24,441,856</u></u>

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

	Enterprise Funds			Internal Service Funds		
	Child Care	Food Service	Total	Dental Plan	HRA Plan	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ 883	\$ 883	\$ -	\$ 576,802	\$ 576,802
Accounts receivable (net of allowance for uncollectibles)	-	7,036	7,036	-	-	-
Due from other governments	-	306,679	306,679	-	-	-
Inventory	-	30,276	30,276	-	-	-
Prepaid items	-	21,900	21,900	-	-	-
Due from other funds	27,808	-	27,808	231,393	21,881	253,274
Total current assets	27,808	366,774	394,582	231,393	598,683	830,076
Noncurrent assets:						
Capital assets:						
Building improvements	-	1,162,501	1,162,501	-	-	-
Equipment	-	536,463	536,463	-	-	-
Less: accumulated depreciation	-	(758,193)	(758,193)	-	-	-
Total noncurrent assets	-	940,771	940,771	-	-	-
TOTAL ASSETS	\$ 27,808	\$ 1,307,545	\$ 1,335,353	\$ 231,393	\$ 598,683	\$ 830,076
LIABILITIES						
Current liabilities:						
Accounts payable	\$ -	\$ 22	\$ 22	\$ -	\$ -	\$ -
Due to other funds	-	124,076	124,076	-	-	-
Total current liabilities	-	124,098	124,098	-	-	-
TOTAL LIABILITIES	-	124,098	124,098	-	-	-
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	28,469	28,469	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	28,469	28,469	-	-	-
NET POSITION						
Net investment in capital assets	-	940,771	940,771	-	-	-
Unrestricted	27,808	214,207	242,015	231,393	598,683	830,076
TOTAL NET POSITION	27,808	1,154,978	1,182,786	231,393	598,683	830,076
TOTAL LIABILITIES AND NET POSITION	\$ 27,808	\$ 1,307,545	\$ 1,335,353	\$ 231,393	\$ 598,683	\$ 830,076

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds			Internal Service Funds		
	Child Care	Food Service	Total	Dental Plan	HRA Plan	Total
OPERATING REVENUES						
Intergovernmental	\$ 112,862	\$ 666,907	\$ 779,769	\$ -	\$ -	\$ -
Charges for services	256,998	312,823	569,821	-	-	-
Miscellaneous	267	36,915	37,182	279,362	1,050,027	1,329,389
TOTAL OPERATING REVENUES	<u>370,127</u>	<u>1,016,645</u>	<u>1,386,772</u>	<u>279,362</u>	<u>1,050,027</u>	<u>1,329,389</u>
OPERATING EXPENSES						
Salaries	332,492	452,146	784,638	37,358	71,400	108,758
Benefits	58,931	181,127	240,058	-	-	-
Professional services	-	6,118	6,118	190,877	785,921	976,798
Repairs	-	8,752	8,752	-	-	-
Supplies and food	4,494	157,530	162,024	1,000	1,100	2,100
Equipment	-	17,411	17,411	-	-	-
Depreciation	-	49,598	49,598	-	-	-
Other	31,180	80,815	111,995	1,927	-	1,927
TOTAL OPERATING EXPENSES	<u>427,097</u>	<u>953,497</u>	<u>1,380,594</u>	<u>231,162</u>	<u>858,421</u>	<u>1,089,583</u>
OPERATING INCOME (LOSS)	<u>(56,970)</u>	<u>63,148</u>	<u>6,178</u>	<u>48,200</u>	<u>191,606</u>	<u>239,806</u>
NONOPERATING REVENUES (EXPENSES)						
Equity transfer in	84,778	981,828	1,066,606	179,613	390,257	569,870
Interest Income	-	-	-	3,580	16,820	20,400
Transfers in	-	110,002	110,002	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>84,778</u>	<u>1,091,830</u>	<u>1,176,608</u>	<u>183,193</u>	<u>407,077</u>	<u>590,270</u>
CHANGES IN NET POSITION	<u>27,808</u>	<u>1,154,978</u>	<u>1,182,786</u>	<u>231,393</u>	<u>598,683</u>	<u>830,076</u>
NET POSITION - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION - JUNE 30	<u>\$ 27,808</u>	<u>\$ 1,154,978</u>	<u>\$ 1,182,786</u>	<u>\$ 231,393</u>	<u>\$ 598,683</u>	<u>\$ 830,076</u>

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds			Internal Service Funds		
	Child Care	Food Service	Total	Dental Plan	HRA Plan	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 257,265	\$ 371,171	\$ 628,436	\$ 279,362	\$ 1,050,027	\$ 1,329,389
Intergovernmental receipts	112,862	360,228	473,090	-	-	-
Internal activity - receipts (payments) from/to other funds	-	124,076	124,076	(231,393)	(21,881)	(253,274)
Payments to employees	(391,423)	(633,273)	(1,024,696)	(37,358)	(71,400)	(108,758)
Payments to suppliers	(35,674)	(322,780)	(358,454)	(193,804)	(787,021)	(980,825)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(56,970)	(100,578)	(157,548)	(183,193)	169,725	(13,468)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	-	-	-	3,580	16,820	20,400
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	-	-	3,580	16,820	20,400
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Purchases of capital assets	-	(177,313)	(177,313)	-	-	-
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	-	(177,313)	(177,313)	-	-	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Equity transfer in	84,778	168,772	253,550	179,613	390,257	569,870
Transfers in (out)	-	110,002	110,002	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	84,778	278,774	363,552	179,613	390,257	569,870
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,808	883	28,691	-	576,802	576,802
CASH AND CASH EQUIVALENTS - JULY 1	-	-	-	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30	\$ 27,808	\$ 883	\$ 28,691	\$ -	\$ 576,802	\$ 576,802
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ (56,970)	\$ 63,148	\$ 6,178	\$ 48,200	\$ 191,606	\$ 239,806
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	-	49,598	49,598	-	-	-
Changes in operating assets and liabilities:						
(Increase) decrease in accounts receivable	-	(7,036)	(7,036)	-	-	-
(Increase) decrease in due from other governments	-	(306,679)	(306,679)	-	-	-
(Increase) decrease in inventory	-	(30,276)	(30,276)	-	-	-
(Increase) decrease in prepaid items	-	(21,900)	(21,900)	-	-	-
(Increase) decrease in due from other funds	-	-	-	(231,393)	(21,881)	(253,274)
(Decrease) increase in accounts payable	-	22	22	-	-	-
(Decrease) increase in deferred revenue	-	28,469	28,469	-	-	-
(Decrease) increase in due to other funds	-	124,076	124,076	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (56,970)	\$ (100,578)	\$ (157,548)	\$ (183,193)	\$ 169,725	\$ (13,468)

See accompanying independent auditors' report and notes to financial statements.

STATEMENT J

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020

	Custodial Funds <u>Student Activities</u>	Private-Purpose Trust Funds <u>Total</u>
ASSETS		
Due from other governments	\$ 128,181	\$ 83,009
TOTAL ASSETS	<u>\$ 128,181</u>	<u>\$ 83,009</u>
LIABILITIES		
Accounts payable	\$ 154	\$ -
Deposits held for others	<u>128,027</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 128,181</u>	<u>\$ -</u>
NET POSITION		
Restricted - held in trust		\$ 83,009
TOTAL NET POSITION		<u>\$ 83,009</u>

See accompanying independent auditors' report and notes to financial statements.

STATEMENT K

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Private-Purpose Trust Funds
	<u>Total</u>
ADDITIONS	
Revenues:	
Miscellaneous	\$ 5,516
Total contributions	<u>5,516</u>
Investment earnings:	
Income earned	<u>2,406</u>
Total investment earnings, net	<u>2,406</u>
Total additions	<u>7,922</u>
DEDUCTIONS	
Supplies	65
Miscellaneous	<u>3,400</u>
Total deductions	<u>3,465</u>
CHANGE IN NET POSITION	4,457
Equity transfer in	78,552
NET POSITION - JULY 1	<u>-</u>
NET POSITION - JUNE 30	<u><u>\$ 83,009</u></u>

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Washington Central Unified Union School District was incorporated under the laws in the State of Vermont. The School District operates under the Board of Directors-superintendent form of government and provides the following services: direct services, support services, fiscal services, operations and maintenance, transportation and program expenses.

The School District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The School District's combined financial statements include all accounts and all operations of the School District. We have determined that the School District has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Vermont issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Vermont to those necessary to obtain or provide essential services or activities. See Executive Order 01-20 and its addendums. As of the date of this report, the state of emergency was extended to October 15, 2020 and may be further extended if circumstances warrant. While steps toward reopening the State have begun, the speed and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

On March 13, 2020, the Governor of Vermont directed the dismissal of Prek-12 schools (Gubernatorial Directive to All School Boards and Superintendents - Continuity of Education Planning). Based on the March 17, 2020 directive from the Agency of Education, Districts were required to keep all employees on payroll, whether they were working or not, through the remainder of the school year. That requirement expired on June 30, 2020.

In accordance with Addendum 6 to Executive Order 01-20, issued by the Governor of Vermont on March 24, 2020 (also referred to as the "Stay Home, Stay Safe Order") and Directive 5 to Executive Order 01-20, issued by the Governor of Vermont on March 26, 2020, the District ceased in-house operations and moved to remote learning systems. The District chose to use various electronic platforms of remote learning to comply with the Governor's order to support the continuity of learning. The application of this Executive Order necessitated that this method remained in force for the remainder of the scheduled school year.

Impact on Finances

The District does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act funding and applicable State programs.

Expected Federal/State Support

The District may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the District expects that if those actions are necessary, that the District would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the District, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of the District. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the District.

Implementation of New Accounting Standards

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Management has determined the impact of this Statement is not material to the financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial 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).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The School District's dental plan, HRA plan, child care fund and food service fund are categorized as business-type activities. All other activities of the School District are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The School District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the School District's functions and business-type activities (instruction, administration, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The School District does not allocate indirect costs. All costs are charged directly to the corresponding departments.

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the School District are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the School District:

1. Governmental Funds:

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

Major Funds:

- a. The General Fund is the general 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.
- b. The Construction Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

Nonmajor Funds:

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Permanent Funds are used to account for assets held by the School District pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the School District:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.
- b. Internal service funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the School District on a cost-reimbursement basis. Because the principal users of the internal services are the School District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Accrual

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

2. Modified Accrual

The governmental fund 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 soon enough thereafter to be used to pay liabilities of the current period. 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.

Budget

The School District's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Vermont to the Vermont State Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund.

Revenues per budgetary basis	\$ 36,048,045
Add: On-behalf payments	<u>2,532,677</u>
Total GAAP basis	<u><u>\$ 38,580,722</u></u>
 Expenditures per budgetary basis	 \$ 32,870,593
Add: On-behalf basis	<u>2,532,677</u>
Total GAAP basis	<u><u>\$ 35,403,270</u></u>

The following procedures are followed in establishing budgetary data reflected in the financial statements:

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. The annual school budget is the planning management tool, which delineates the District's educational priorities and programs and forms the basis for voter review and approval of the budget according to applicable State of Vermont education finance laws.
2. The Board budget process includes input from School District administration and staff, educational priorities for the next school year, along with public hearings, which include the Board of Directors and the general public.
3. The budget document itself is based upon the most current funding information available along with the projection of current revenues and expenditures for the next year. At the conclusion of the budget process, a final budget is approved by the Board of Directors.

Deposits and Investments

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the School District's policy to value investments at fair value. None of the School District's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent. The School District Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Washington Central Unified Union School District has no formal investment policy but instead follows the State of Vermont Statutes.

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2020. Accounts receivable netted with allowances for uncollectible accounts were \$1,309,840 for the year ended June 30, 2020.

Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). Inventory of the Food Service Fund consists of supplies and food.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

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 market 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 estimated useful lives.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Machinery, furniture and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, accrued compensated absences and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Vermont State Teachers' Retirement System (VSTRS) and the Vermont Municipal Employees' Retirement System (VMERS) Plans and additions to/deductions from the VSTRS and VMERS Plans' fiduciary net position have been determined on the same basis as they are reported by the VSTRS and VMERS Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPEB

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the School District. The inhabitants of the School District through School District meetings are the highest level of decision-making authority of the School District. Commitments may be established, modified, or rescinded only through a School District meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given through Vermont Statutes Annotated Title 16 §567 and is expressed by the Board of Directors.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the School District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the School District meeting vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *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 (expense/expenditure) until then. The School District currently has one type of this item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times 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. Deferred revenues are reported in both the statements of net position and governmental funds balance sheet. Deferred inflows

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

related to pensions qualifies for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided, operating or capital grants and contributions, including special assessments).

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The School District does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the School District's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits:

The School District's investment policies, which follow state statutes, authorize the School District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all School District funds.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the School District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The School District does not have a policy covering custodial credit risk.

At June 30, 2020, the School District's cash balance of \$6,473,974 was comprised of bank deposits of \$7,625,938. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the School District's cash balance. Of these bank deposits, \$250,000 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining balance of \$7,375,938 was collateralized with securities held by the financial institution in the School District's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 70,005
Repurchase agreement	7,555,933
	<u>\$ 7,625,938</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the School District does not have a policy for custodial credit risk for investments.

At June 30, 2020, the School District had no investments.

Credit risk - Statutes for the State of Vermont authorize the School District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The School District does not have an investment policy on credit risk. Generally, the School District invests excess funds in savings accounts and various insured certificates of deposit.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2020 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 189,391	\$ 614,437
Enterprise funds	27,808	124,076
Internal service fund	253,274	-
Nonmajor special revenue funds	327,778	65,315
Nonmajor permanent funds	5,577	-
	<u>\$ 803,828</u>	<u>\$ 803,828</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the District. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2020 consisted of the following:

	Transfers From	Transfers To
General fund	\$ -	\$ 1,225,415
Construction fund	1,121,547	-
Food service fund	110,002	-
Nonmajor special revenue funds	329,569	335,703
	<u>\$ 1,561,118</u>	<u>\$ 1,561,118</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Disposals	Balance 6/30/20
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land, sitework and construction in progress	\$ -	\$ 2,346,859	\$ (178,403)	\$ 2,168,456
	-	2,346,859	(178,403)	2,168,456
Depreciated assets:				
Buildings and improvements	-	47,938,590	(20,159)	47,918,431
Furniture and equipment	-	3,191,549	(137,058)	3,054,491
Vehicles	-	276,451	(42,225)	234,226
	-	51,406,590	(199,442)	51,207,148
Less: accumulated depreciation	-	(23,917,235)	192,749	(23,724,486)
	-	27,489,355	(6,693)	27,482,662
Net governmental capital assets	\$ -	\$ 29,836,214	\$ (185,096)	\$ 29,651,118
<u>Business-type activities:</u>				
Depreciated assets:				
Buildings and improvements	\$ -	\$ 1,162,501	\$ -	\$ 1,162,501
Furniture and equipment	-	548,267	(11,804)	536,463
	-	1,710,768	(11,804)	1,698,964
Less: accumulated depreciation	-	(762,745)	4,552	(758,193)
Net business-type capital assets	\$ -	\$ 948,023	\$ (7,252)	\$ 940,771
<u>Current year depreciation:</u>				
Direct services				\$ 1,283,498
Total governmental activities depreciation				1,283,498
Food service				49,598
Total depreciation expense				\$ 1,333,096

NOTE 6 - SHORT TERM DEBT

On July 26, 2019 Washington Central Unified Union School District issued a tax/revenue anticipation note to provide liquidity for the governmental operations financed by property taxes. The tax/revenue anticipation note allowed for principal draws of up to \$9,989,116 with interest at 2.85% per annum and will mature on June 30, 2020. Interest expense for the note was \$264,805.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - SHORT TERM DEBT (CONTINUED)

	Balance, 7/1/19	Additions	Reductions	Balance, 6/30/20
Tax/revenue anticipation note	\$ -	\$ 9,989,116	\$ (9,989,116)	\$ -
Totals	<u>\$ -</u>	<u>\$ 9,989,116</u>	<u>\$ (9,989,116)</u>	<u>\$ -</u>

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20	Current Year Portion
Bonds payable	\$ -	\$ 12,552,299	\$ (1,338,373)	\$ 11,213,926	\$ 888,374
Notes from direct borrowings payable	-	144,607	(12,840)	131,767	7,536
	<u>\$ -</u>	<u>\$ 12,696,906</u>	<u>\$ (1,351,213)</u>	<u>\$ 11,345,693</u>	<u>\$ 895,910</u>

The following is a summary of the bond payable as of June 30, 2020:

\$500,000 Community Bank, NA Qualified School Construction Bond due in one principal installment of \$500,000 in March of 2027 with a fixed interest rate at 1.00% annum payable semi-annually through March of 2027. Deposits of \$26,000 remitted annually into a sinking fund through March of 2027. Interest of 1.00% annum, applied to the sinking fund balance, payable semi-annually into the sinking fund through March of 2027. The sinking fund balance is irrevocably pledged to secure the principal payment of the bond at maturity. The annual deposit amount of \$26,000 will be increased to \$31,000 as of March 2020.	\$ 500,000
\$2,997,476 Community Bank, NA bond payable, with principal payments due in annual installments of \$149,874. Fixed interest rate of 2.99% paid semi-annually. The bond matures on December 31, 2036.	2,547,855
\$8,170,000 Community Bank, NA bond payable, with principal payments due in annual installments of \$408,500 and a principal pre-payment of \$79,429 in December of 2014 and a final principal payment of \$329,071 due in June of 2033. Interest at a fixed rate of 3.04% paid semi-annually. The bond matures June of 2033.	5,231,071

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - LONG-TERM DEBT (CONTINUED)

\$3,500,000 Community Bank, NA bond payable, with principal payments due in annual installments of \$175,000. Interest at a fixed rate of 2.75% paid semi-annually. The bond matures in December of 2034.	2,625,000
\$1,860,000, Vermont Municipal Bond Bank Refunding Bond 2010 Series 4, due in principal installments of \$155,000 through December 2021. Fixed interest rate of 4.683% payable semi-annually through December 2021, with savings allocations ranging from \$11,783 to \$47,810 rebated through November 2018. The proceeds from the bond were used for school building improvements.	310,000
Total bonds payable	<u>\$ 11,213,926</u>

The following is a summary of the notes from direct borrowings payable as of June 30, 2020:

\$81,340 Vermont Municipal Bond Bank Vermont Environmental Protection Agency Drinking Water State Revolving Fund note payable, due in annual principal, interest and administrative fee installments of \$3,787 through April of 2037. Interest of 1.00% and administrative fees of 2.00% payable annually through September of 2037. In fiscal year 2017, \$25,000 of the principal balance of the loan was forgiven. Proceeds were originally borrowed for a municipal water connection project.	\$ 49,859
\$26,504 Vermont Environmental Protection Agency note payable, due in annual principal, interest and administrative fee installments of \$101. Interest at a fixed rate of 1.00% and an administrative fee of 2.00% is charged per annum. In fiscal year 2009, an ARRA Subsidy for \$25,000 was received and applied towards the principal amount due. The note matures in January of 2033.	1,075
\$57,612 Vermont Environmental Protection Agency note payable, due in annual principal, interest and administrative fee installments of \$3,872. Interest at a fixed rate of 1.00% and an administrative fee of 2.00% is charged per annum. In fiscal year 2014, an ARRA Subsidy for \$25,000 was received and applied towards the principal amount due. The note matures in January of 2033.	41,183
\$55,468 Vermont Environmental Protection Agency note payable, due in annual principal, interest and administrative fee installments of \$3,728. Interest at a fixed rate of 1.00% and an administrative fee of 2.00% is charged per annum. On March 3, 2014 the note payable was amended, reducing the principal amount by \$22,660 and \$73,527, to reflect loan forgiveness and an ARRA subsidy, respectively. The proceeds from the note were used to finance a water project. The note matures on January 1, 2033.	39,650
Total notes from direct borrowings payable	<u>\$ 131,767</u>
Total bonds and notes payable	<u>\$ 11,345,693</u>

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bond and notes from direct borrowing principal and interest requirements for the following fiscal years ending June 30:

Year Ending June 30,	Bonds Payable		Notes from Direct Borrowings Payable	
	Principal	Interest	Principal	Interest
2021	\$ 888,374	310,447	\$ 7,536	3,160
2022	888,374	292,296	7,762	2,985
2023	733,374	266,569	7,995	2,804
2024	733,374	245,336	8,234	2,618
2025	733,374	223,304	8,482	2,427
2026-2030	4,166,869	775,422	46,380	8,993
2031-2035	2,770,440	239,649	38,133	3,481
2036-2040	299,747	13,456	7,245	328
	<u>\$ 11,213,926</u>	<u>\$ 2,366,479</u>	<u>\$ 131,767</u>	<u>\$ 26,796</u>

All bonds payable and notes from direct borrowings payable are direct obligations of the School District, for which its full faith and credit are pledged. The School District is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the School District.

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2020 is as follows:

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20	Current Year Portion
Accrued compensated absences	\$ -	\$ 89,663	\$ (8,464)	\$ 81,199	\$ 4,060
Net pension liability	-	831,041	(153,755)	677,286	-
Total	<u>\$ -</u>	<u>\$ 920,704</u>	<u>\$ (162,219)</u>	<u>\$ 758,485</u>	<u>\$ 4,060</u>

Please see Notes 9 and 16 for detailed information on each of the other long-term obligations.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 - ACCRUED COMPENSATED ABSENCES

The School District's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2020, the School District's liability for compensated absences is \$81,199.

NOTE 10 - OPERATING LEASES

A summary of the outstanding operating leases payable is as follows:

The School District leases a postage meter from MailFinance, a Neopost USA Company, under a lease agreement dated January 20, 2016. The lease term is for 60 months ending in December of 2020. Monthly payments are \$67.

The School District leases a postage meter from MailFinance, a Neopost USA Company, under a lease agreement dated December 22, 2015. The lease term is for 60 months ending in December of 2020. Monthly payments are \$127.

The School District leases a 2017 Toyota Sienna LE FWD 8-Passenger van from Berlin Automotive T1, LLC, which was subsequently assigned to Toyota Motor Credit Corporation, under a lease agreement dated December 21, 2017. The lease term is for 36 months ending in December of 2020. Monthly payments are \$371 with \$3,451 due at lease signing.

The School District leases a postage meter from MailFinance, a Neopost USA Company, under a lease agreement dated May 27, 2016. The lease term is for 60 months ending in May of 2021. Monthly payments are \$133.

Future minimum lease payments at June 30, 2020, are as follows:

Year Ending	
June 30:	
<u>2021</u>	\$ 4,853
Total lease payments	<u>\$ 4,853</u>

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 - NONSPENDABLE FUND BALANCE

At June 30, 2020, the School District had the following nonspendable fund balance:

General fund:	
Prepaid items	<u>\$ 1,209</u>

NOTE 12 - RESTRICTED FUND BALANCE

At June 30, 2020, the School District had the following restricted fund balance:

Nonmajor permanent funds	<u>\$ 5,577</u>
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NOTE 13 - COMMITTED FUND BALANCE

At June 30, 2020, the School District had the following committed fund balance:

Construction fund	<u>\$ 2,573,393</u>
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NOTE 14 - ASSIGNED FUND BALANCE

At June 30, 2020, the School District had the following assigned fund balance:

General fund:	
Reserved for future operations	<u>\$ 3,176,243</u>

NOTE 15 - FINANCIAL INFORMATION

The detailed budget to actual report can be found on Schedules 1, A and B.

NOTE 16 - DEFINED BENEFIT PENSION PLANS

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

All of the teachers employed by the School District participate in the Vermont State Teachers' Retirement System ("VSTRS"), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, covering nearly all public day school and nonsectarian private Union teachers and administrators as well as

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

teachers in schools and teacher training institutions within and supported by the State of Vermont 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, 2018 (the most recent period available), the retirement system consisted of 22,561 participating members.

The plan was established effective July 1, 1947, and is governed by *Title 16, V.S.A. Chapter 55*. Subsequent Vermont state legislation, *Act 74*, which became effective on July 1, 2010, contained numerous changes to the plan benefits available to current and future members, as well as a change in access to health care coverage after retirement, resulting from a multi-party agreement to provide sustainability of quality pension and retiree health benefits for Vermont teachers.

The general administration and responsibility for formulating administrative policy and procedures of the retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of six members. They are the Secretary of Education (ex-officio), the State Treasurer (ex-officio), the Commissioner of Financial Regulation (ex-officio), two members and one alternate elected by active members of the System under rules adopted by the Board and one retired member and one alternate elected by the board of directors of Association of Retired Teachers of Vermont. The Chair is elected by the Board and acts as executive officer of the Board.

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. The Vermont State Agency of Administration issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance and Management website at: http://finance.vermont.gov/reports_and_publications/cafr.

Benefits Provided

The VSTRS provides retirement and disability benefits, annual cost-of-living adjustments, health care and death benefits to plan members and beneficiaries. There are two levels of contributions and benefits in the System: Group A - for public school teachers employed within the State of Vermont prior to July 1, 1981 and elected to remain in Group A; and Group C - for public school teachers employed within the State of Vermont on or after July 1, 1990. Group C also includes those teachers hired prior to July 1, 1990 and were in Group B on July 1, 1990. When *Act 74* became effective on June 30, 2010, Group C was further bifurcated into Groups #1 and #2. Group #1

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

contains members who were at least 57 years of age or had at least 25 years of service and Group #2 contains members who were less than 57 years of age and had less than 25 years of service.

Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Normal service retirement eligibility (no reduction)	Age 60 or 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 7/1/90 x AFC + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 7/1/90 x AFC + 1.67% x service after 7/1/90 x AFC, 2.0% 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% for each year prior to age 62	Actuarial reduction

Other post-employment benefits are available to all plan members include the following:

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Medical Benefits	Health subsidy based on member's service credit	Health subsidy based on member's service credit	Health subsidy based on member's service credit
Dental	Members pay full premium	Members pay full premium	Members pay full premium

Contributions

VSTRS is a cost-sharing public employee retirement system with one exception: all risks and costs are not shared by the School District but are the liability of the State of Vermont. VSTRS is funded through State and employee contributions and trust fund investment earnings; and the School District has no legal obligation for paying benefits. Required contributions to the System are made by the State of Vermont based upon a valuation report prepared by the System's actuary, which varies by plan group. The Vermont State Teachers Retirement System estimates the contributions on behalf of the School District's employees included in the teacher's retirement plan which approximates \$2,532,677 or 19.15% of total payroll for employees covered under the plan.

Employee contribution rates by plan group follow:

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Employee Contributions	5.5% of gross salary; contributions stop after 25 years of creditable service	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14

Employee contributions totaled \$694,900 during the year and were paid by the School District to the State of Vermont. The School District has no other liability under the plan. The School District's total payroll for all employees covered under this plan was \$13,225,466 for the year ended June 30, 2020. Beginning in 2016, school districts that pay for teachers with federal dollars are required to include costs of pensions in the federal grant, lowering the liability for the State. Federally funded pension costs reimbursed to the State by the Supervisory Union for the fiscal year ending June 30, 2020 were \$83,456. The Supervisory Union's total payroll for all federally funded employees covered under this plan was \$435,806 for the year ended June 30, 2020.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071, or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2019 (the most recent data available), the retirement system consisted of 14,755 participating members.

The general administration and responsibility for formulating administrative policy and procedures of the Retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system and two employer representatives - one elected by the governing bodies of participating employers of the system and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Schools and the Vermont School Boards Association.

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. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR may be viewed on the State's Department of Finance and Management website at:

http://finance.vermont.gov/reports_and_publications/cafr.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Benefits Provided

The pension plan is divided into four membership groups:

- Group A - general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B and C - general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D - sworn police officers, firefighters and emergency medical personnel

The School District participates in Groups A and B. Benefits available to each group are based on average final compensation (AFC) and years of creditable service, and are summarized below:

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service, or age 55 with 35 years of service	Age 62 with 5 years of service, or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Normal service retirement eligibility	Age 65 with 5 years of service, or age 55 with 35 years of service	Age 62 with 5 years of service, or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula – normal service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Benefit formula – normal service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

** - A special early retirement factor of 3% per year only for municipal police officers who have attained age 60

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

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2019 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	2.750% of gross salary	5.125% of gross salary	10.250% of gross salary	11.600% of gross salary
Employer Contributions	4.250% of gross salary	5.750% of gross salary	7.500% of gross salary	10.100% of gross salary

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Employee contributions are withheld pre-income tax by the School District and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2020 totaled \$121,365. The School District contributed \$137,878 for the year ended June 30, 2020. The School District's total payroll for the year ended June 30, 2020 for all employees covered under this plan was \$2,436,173.

Pension Liabilities

VSTRS Plan

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB No. 68 and the State is treated as a nonemployer to VSTRS. Since the School District does not contribute directly to VSTRS, no net pension liability was recorded at June 30, 2020. The State's portion of the collective net pension liability that was associated with the School District was as follows:

Union's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Union		<u>28,873,426</u>
Total	\$	<u><u>28,873,426</u></u>

The State of Vermont's proportionate share of the net pension liability associated with the School District is equal to the collective net pension liability, actuarially measured as of June 30, 2019, multiplied by the School District's proportionate share percentage. The School District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2019, the School District's proportion was 1.85012% which was a decrease of 0.67070% from its proportion measured as of June 30, 2018.

VMERS Plan

At June 30, 2020, the School District reported a liability of \$677,286 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2019 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2018. The School District's proportion of the net pension liabilities were based on a projection of the School District's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

At June 30, 2019, the School District's proportion was 0.39039% for VMERS, which was an increase of 0.02759% from its proportion measured as of June 30, 2018 for VMERS.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the School District recognized total pension expense of \$4,771,754 and revenue of \$4,771,754 for support provided by the State of Vermont for the VSTRS plan. In the same period, the School District recognized pension expense of for the VMERS plan. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VSTRS		VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ 87,749	\$ 5,855
Changes of assumptions	-	-	22,613	-
Net difference between projected and actual earnings on pension plan investments	-	-	46,130	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	26,388	6,485
Contributions subsequent to the measurement date	-	-	137,878	-
Total	\$ -	\$ -	\$ 320,758	\$ 12,340

\$137,878 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	VSTRS	VMERS
Plan year ended June 30:		
2020	\$ -	\$ 64,977
2021	-	36,869
2022	-	40,647
2023	-	28,048
2024	-	-
Thereafter	-	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using the actuarial assumptions outlined below.

Investment Rate of Return: For both plans, 7.50%, net of pension plan investment expenses, including inflation.

Inflation: For both plans, 2.50%.

Salary Increases: For the VSTRS plan, increases ranging from 3.75% to 9.09%. For the VMERS plan, increases are 5.00% per year.

Deaths After Retirement: The VSTRS plan used 98% of the RP-2006 White Collar Employee with generational projection using Scale SSA-2018 for pre-retirement, 98% of the RP-2006 White Collar Annuitant with generational projection using Scale SSA-2018 for healthy retirees, and the RP-2006 Disabled Mortality Table with generational projection using Scale SSA-2018 for disabled retirees.

Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based on variations of RP-2006 Tables with generational improvement using Scale SSA-2018 as follows:

Pre-retirement - Groups A, B, and C blended with a 60% Blue Collar Employee and 40% Healthy Employee, and Group D with a Blue Collar Annuitant Table

Healthy Retiree - Groups A, B and C with a 60% Blue Collar Annuitant and 40% Healthy Annuitant, and Group D with a Blue Collar Annuitant Table

Disabled Retiree - All Groups with a RP-2006 Disabled Mortality Table

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Inactive Members: Valuation liability for the VSTRS plan equals 250.0% of accumulated contributions and 200% for the VMERS plan.

Future Administrative Expenses: No provisions were made for the VSTRS plan as Systems expenses are paid for by the State. For the VMERS plan, an expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

Unknown Data for Participants: For both plans, they are the same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married: For both plans, 85% of male members are assumed to be married. 35% of female members for the VSTRS plan and 50% of female members for the VMERS plan are assumed to be married.

Spouse's Age: For both plans, husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments: Adjustments for both plans are assumed to occur on January 1 following one year of retirement. For the VSTRS plan this occurs at the rate of 2.55% per annum for Group A members and 1.40% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement). The January 1, 2020 COLA is assumed to be 1.60% for Group A and 1.00% for Group C. For the VMERS plan, this occurs at the rate of 1.15% per annum for Group A members and 1.30% per annum for Groups B, C and D members (beginning Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for Group A, B and D members who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2020 COLA is 0.80% for all groups.

Actuarial Cost Method: For both plans is the 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 Accrued Actuarial 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.

For the VSTRS plan, the *asset valuation method* used equals the preliminary asset value plus 20% of the difference between the market and preliminary asset values. The preliminary asset value is equal to the previous year's asset value (for

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

valuation purposes) adjusted for contributions less benefit payments and expenses and expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

A smoothing *asset valuation method* was used for funding purposes in the VMERS plan, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

The *long-term expected rate of return* on both plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class. These best estimate 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 target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	29.00%	6.90%
US Equity - Large Cap	4.00%	5.94%
US Equity - Small/Mid Cap	3.00%	6.72%
Non-US Equity - Large Cap	5.00%	6.81%
Non-US Equity - Small Cap	2.00%	7.31%
Emerging Markets Debt	4.00%	4.26%
Core Bonds	14.00%	1.79%
Non-Core Bonds	6.00%	3.22%
Short Quality Credit	5.00%	1.81%
Private Credit	5.00%	6.00%
US TIPS	3.00%	1.45%
Core Real Estate	5.00%	4.26%
Non-Core Real Estate	3.00%	5.76%
Private Equity	10.00%	10.81%
Infrastructure/Farmland	2.00%	4.89%

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the VSTRS plan and the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.50% for both the VSTRS and VMERS plans, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
<u>VSTRS:</u>			
Discount rate	6.50%	7.50%	8.50%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
<u>VMERS:</u>			
Discount rate	6.50%	7.50%	8.50%
District's proportionate share of the net pension liability	\$ 1,110,647	\$ 677,286	\$ 318,543

Pension Plan Fiduciary Net Position

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of the VSTRS and VMERS or their participating employers. VSTRS and VMERS do not issue stand-alone financial reports, but instead

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

are included as part of 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 at: http://finance.vermont.gov/reports_and_publications/cafr

NOTE 17 - DEFINED CONTRIBUTION PLAN

Plan Description

The School District offers its employees a defined contribution plan created in accordance with Internal Revenue Code Section 403(b). At June 30, 2020, there were four plan members. The plan is administered by TD Wealth Management.

Funding Policy

Plan provisions and contribution requirements are established and may be amended by the Board of Directors. Under the 403 Plan, the School District is required to contribute 6.0% of a participant's earnings for the plan year, with no required match from the participant, one time per year, after the end of the fiscal year and no later than September 30 of the next year. For the year ended June 30, 2020, the School District contribution to this plan was \$112,484.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in School District contributions and earnings on School District contributions after completion of 12 months of creditable service with the School District. Non-vested School District contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. There were no forfeitures of non-vested contributions for the year ended June 30, 2020.

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

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

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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, 2019, the Plan consisted of 184 participating employers and at June 30, 2018 (the most recent period available), the plan consisted of 6,713 retired members or beneficiaries currently receiving benefits and 9,892 active members.

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. The Vermont State Agency of Administration issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance and Management website at: http://finance.vermont.gov/reports_and_publications/cafr.

Benefits Provided

VSTRS retirees and their spouses are eligible for medical, prescription drug and dental benefits on a lifetime basis if the retiree is eligible for pension benefits, as described in the Notes to Financial Statements for Defined Benefit Plan(s).

Contributions

Varying levels of contributions are required from retirees and spouses for medical and prescription drug coverage at the following premium subsidy rates:

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	Retiree Subsidy		Spouse Subsidy*	
Retired before June 30, 2010	At least ten years of service-80% of premium Less than ten years of service-0% of premium		0% of premium	
Retired after June 30, 2010	10 years or more of service at June 30, 2010 - 80% of premium		Years of service at June 30, 2010 - 80% of premium if meet the following years of service at retirement requirement:	
	Less than 10 years of service at June 30, 2010:			
	Less than 15 years at retirement	0% of premium	Less than 15 years at retirement	0% of premium
	15-19.99 years at retirement	60% of premium	15-19.99 years at retirement	60% of premium
	20-24.99 years at retirement	70% of premium	20-24.99 years at retirement	70% of premium
	25 years or more at retirement	80% of premium	25 years or more at retirement	80% of premium

* Spouses of retirees who do not meet the 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.

Retirees pay full cost of dental benefits.

OPEB Liabilities

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

defined in GASB No. 75 and the State is treated as a nonemployer to VSTRS. Since the School District does not contribute directly to VSTRS, no net OPEB liability was recorded at June 30, 2020. The State's portion of the collective net OPEB liability that was associated with the School District was as follows:

District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Supervisory Union	<u>19,958,444</u>
Total	<u><u>\$ 19,958,444</u></u>

The State of Vermont's proportionate share of the net OPEB liability associated with the School District is equal to the collective net OPEB liability, actuarially measured as of June 30, 2019, multiplied by the School District's proportionate share percentage. The School District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2019, the School District's proportion was 1.9176% which was an increase of 0.08172% from its proportion measured as of June 30, 2018.

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

For the year ended June 30, 2020, the School District recognized total OPEB expense of \$1,126,632 and revenue of \$1,126,632 for support provided by the State of Vermont for the Plan. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	VSTRS OPEB Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ -</u>

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

	VSTRS OPEB Plan
Plan year ended June 30:	
2020	\$ -
2021	-
2022	-
2023	-
2024	-
Thereafter	-

Discount Rate

The discount rate is the single rate of return, that when applied to all projected benefit payments, results in an actuarial present value that is the sum of the actuarial present value of projected benefit payments projected to be funded by plan assets using a long term rate of return, and the actuarial present value of projected benefit payments that are not included in (1) using a yield or index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The sensitivity of net OPEB liability to changes in discount rate are as follows:

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
VSTRS OPEB Plan: Discount rate	2.50%	3.50%	4.50%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -

Healthcare Trend Rate

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the 2020 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. The sensitivity of net OPEB liability to changes in healthcare trend rates are as follows:

	<u>1% Decrease</u>	<u>Healthcare Trend Rates</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2019, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

Amortization

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Asset Valuation Method

The Asset Valuation Method used is market value as of the measurement date.

The long-term expected rate of return on OPEB plan investments are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation, long-term expected rates of return for each major asset class and expected inflation, as of June 30, 2019, are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large cap equity	20.00%	7.50%
International equity	15.00%	7.75%
Emerging international equity	5.00%	9.25%
Core bonds	60.00%	4.37%
Inflation		2.75%
Total	<u>100.00%</u>	

Assumptions

The actuarial assumptions used to calculate the actuarially determined contribution rates can be found in the Report on the Actuarial Valuation of Post-Retirement Benefits of the Vermont State Teachers' Retirement System Prepared as of June 30, 2016 completed by Buck Consulting. As of June 30, 2019, they are as follows:

Discount Rate	3.50%
Salary Increase Rate	Varies by age
Non-Medicare	7.15% graded to 4.50% over 12 years
Medicare	7.15% graded to 4.50% over 12 years
Retiree Contributions	Equal to health trend
Pre-retirement Mortality	98% of RP-2006 White Collar Employee with generational projection using Scale SSA-2018
Post-retirement Mortality	98% of RP-2006 White Collar Annuitant with generational projection using Scale SSA-2018

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 with the following exceptions:

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period remaining was twenty-nine years as of July 1, 2019. For the fiscal year ended June 30, 2019, the discount rate was decreased from 3.87% to 3.50%.

OPEB Plan Fiduciary Net Position

The schedule of employer allocations and schedule of OPEB amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of VSTRS or their participating employers. VSTRS does not issue stand-alone financial reports, but instead are included as part of 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 at: http://finance.vermont.gov/reports_and_publications/cafr

NOTE 19 - 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; injuries to employees, students and guests; as well as natural disasters for which the School District either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. There have been no significant reductions in coverage from the prior year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District.

The School District is a member of the Vermont School Boards Association. The Association has set up two insurance Trusts; Vermont School Boards Insurance Trust, Inc. (VSBIT) for worker compensation, multi-line intermunicipal school program and unemployment compensation program and the Vermont Education Health Initiative

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 - RISK MANAGEMENT (CONTINUED)

(VEHI) for medical benefits. VSBIT and VEHI are nonprofit corporations formed to provide insurance and risk management programs for Vermont School Districts and is owned by the participating School Districts. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

To provide insurance coverage, VEHI 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.

Multi-Line Intermunicipal School Program provides coverage for property; inland marine and boiler and machinery; crime; commercial general liability; automobile/garagekeepers; and educators legal liability. Annual contributions are based upon appropriate rates applicable to each member; such rates are set based on recommendations of a qualified actuary, plus a proportionate share of all operational and administrative cost including excess reinsurance premiums incurred by the trust. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VSBIT is unable to meet its required obligations, the program will be terminated with each member assessed their proportionate share of the deficit.

NOTE 20 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the School District's financial position.

The School District participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the School District's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 21 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the School District's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Schedule of Proportionate Share of the Net OPEB Liability
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental:				
State revenues	32,210,029	32,210,029	32,333,546	123,517
Charges for services	942,347	942,347	1,081,930	139,583
Interest income	323,755	323,755	354,463	30,708
Miscellaneous	365,918	365,918	336,814	(29,104)
Equity transfer in	12,720	12,720	1,941,292	1,928,572
Amounts Available for Appropriation	<u>33,854,769</u>	<u>33,854,769</u>	<u>36,048,045</u>	<u>2,193,276</u>
Charges to Appropriations (Outflows):				
Direct services	18,840,157	18,840,157	18,055,525	784,632
Support services:				
Instructional staff services	4,493,065	4,493,065	4,123,471	369,594
General administrative services	739,947	739,947	736,467	3,480
Area administrative services	2,233,295	2,233,295	2,299,148	(65,853)
Fiscal services	844,508	844,508	822,304	22,204
Operations and maintenance	2,595,055	2,595,055	2,503,023	92,032
Transportation	1,632,347	1,632,347	1,440,043	192,304
Transfers to other funds	774,288	774,288	1,225,415	(451,127)
Total Charges to Appropriations	<u>33,854,769</u>	<u>33,854,769</u>	<u>32,870,593</u>	<u>984,176</u>
Budgetary Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,177,452</u>	<u>\$ 3,177,452</u>

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2020	2019	2018	2017	2016	2015
<u>VSTRS:</u>						
Proportion of the net pension liability	1.85%	2.52%	1.96%	1.78%	1.59%	1.05%
Union's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Union	28,873,426	26,891,231	27,250,562	22,608,616	18,837,133	17,213,598
Total	<u>\$ 28,873,426</u>	<u>\$ 26,891,231</u>	<u>\$ 27,250,562</u>	<u>\$ 22,608,616</u>	<u>\$ 18,837,133</u>	<u>\$ 17,213,598</u>
Covered payroll	\$ 12,712,780	\$ 12,033,737	\$ 12,133,702	\$ 11,579,824	\$ 8,854,073	\$ 10,040,259
Proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	54.96%	54.81%	53.98%	55.31%	58.22%	64.02%
<u>VMERS:</u>						
Proportion of the net pension liability	0.39%	0.36%	0.37%	0.37%	0.33%	0.28%
Proportionate share of the net pension liability	\$ 677,286	\$ 510,283	\$ 444,252	\$ 472,604	\$ 253,954	\$ 25,564
Covered payroll	\$ 1,419,292	\$ 1,253,308	\$ 1,176,437	\$ 1,101,000	\$ 931,000	\$ 717,914
Proportionate share of the net pension liability as a percentage of its covered payroll	47.72%	40.71%	37.76%	42.92%	27.28%	3.56%
Plan fiduciary net position as a percentage of the total pension liability	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	2020	2019	2018	2017	2016	2015
<u>VSTRS:</u>						
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,225,466	\$ 12,712,780	\$ 12,033,737	\$ 12,133,702	\$ 11,579,824	\$ 8,854,073
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>VMERS:</u>						
Contractually required contribution	\$ 137,878	\$ 74,468	\$ 72,450	\$ 59,882	\$ 55,813	\$ 46,046
Contributions in relation to the contractually required contribution	<u>(137,878)</u>	<u>(74,468)</u>	<u>(72,450)</u>	<u>(59,882)</u>	<u>(55,813)</u>	<u>(46,046)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,436,173	\$ 1,419,292	\$ 1,253,308	\$ 1,176,437	\$ 1,101,000	\$ 931,000
Contributions as a percentage of covered payroll	5.66%	5.25%	5.78%	5.09%	5.07%	4.95%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE 4

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>VSTRS OPEB Plan:</u>			
Proportion of the net OPEB liability	1.92%	1.84%	1.87%
Supervisory Union's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Supervisory Union	19,958,444	17,519,695	17,350,212
Total	<u>\$ 19,958,444</u>	<u>\$ 17,519,695</u>	<u>\$ 17,350,212</u>
Covered payroll	\$ 12,712,780	\$ 12,033,737	\$ 12,133,702
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.03%	-2.85%	-2.94%

* The amounts presented for each fiscal year were determined as of June 30 and are for those information is available.

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	2020	2019	2018
<u>VSTRS OPEB Plan:</u>			
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,225,466	\$ 12,712,780	\$ 12,033,737
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Changes of Assumptions

VSTRS Pension Plan:

There have been no changes in actuarial assumptions since the last measurement date.

VMERS Pension Plan:

There have been no changes in actuarial assumptions since last valuation.

VSTRS OPEB Plan:

The discount rate was decreased from 3.87% to 3.50%.

The per capita valuation-year claims and retiree contribution rates were updated.

The assumed health trend rates were modified.

The percentage of future retirees not eligible for a subsidy assumed to elect coverage was increased from 10% to 15%.

60% of terminated vested participants who are eligible for a subsidy and 0% of those not eligible for a subsidy were assumed to elect coverage. Previously 30% of future terminated vested participants who are eligible for a subsidy and 10% of those not eligible for a subsidy were assumed to elect coverage and 30% of current terminated vested participants were assumed to elect coverage.

See accompanying independent auditors' report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

SCHEDULE A

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND REVENUES
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Intergovernmental revenues:				
State revenue:				
Education spending grant	\$ 26,825,806	\$ 26,825,806	\$ 26,539,029	\$ (286,777)
Tech center grant	265,624	265,624	253,903	(11,721)
Small schools grant	152,241	152,241	171,302	19,061
Special education mainstream block grant	548,237	548,237	557,122	8,885
Special education reimbursement	2,557,644	2,557,644	2,703,970	146,326
Extraordinary reimbursement	403,116	403,116	386,758	(16,358)
State placed reimbursements	859,957	859,957	531,799	(328,158)
Early essential education	110,156	110,156	110,156	-
Transportation reimbursement	471,248	471,248	604,422	133,174
Cares grant	-	-	453,514	453,514
Other	16,000	16,000	21,571	5,571
Charges for services:				
Tuition	942,347	942,347	1,081,930	139,583
Interest income	323,755	323,755	354,463	30,708
Miscellaneous:				
Special education	35,000	35,000	31,526	(3,474)
Other receipts	330,918	330,918	305,288	(25,630)
Transfer from reserves	12,720	12,720	1,941,292	1,928,572
Amounts Available for Appropriation	<u>\$ 33,854,769</u>	<u>\$ 33,854,769</u>	<u>\$ 36,048,045</u>	<u>\$ 2,193,276</u>

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Direct services:				
Instructional services	\$ 12,295,260	\$ 12,295,260	\$ 11,918,387	\$ 376,873
Special education	5,838,096	5,838,096	5,551,180	286,916
Co-curricular	706,801	706,801	585,958	120,843
Total direct services	<u>18,840,157</u>	<u>18,840,157</u>	<u>18,055,525</u>	<u>784,632</u>
Support services:				
Support services students	2,181,356	2,181,356	2,167,109	14,247
Support services instruction	2,311,709	2,311,709	1,956,362	355,347
Total support services	<u>4,493,065</u>	<u>4,493,065</u>	<u>4,123,471</u>	<u>369,594</u>
General administration:				
Board of education	211,674	211,674	200,014	11,660
Office of the superintendent	528,273	528,273	536,453	(8,180)
Total general administration	<u>739,947</u>	<u>739,947</u>	<u>736,467</u>	<u>3,480</u>
Area administration:				
Office of the principal	1,931,865	1,931,865	1,936,551	(4,686)
Special area administrative services	301,430	301,430	362,597	(61,167)
Fiscal services	844,508	844,508	822,304	22,204
Total area administration	<u>3,077,803</u>	<u>3,077,803</u>	<u>3,121,452</u>	<u>(43,649)</u>
Operations and maintenance	<u>2,595,055</u>	<u>2,595,055</u>	<u>2,503,023</u>	<u>92,032</u>
Transportation	<u>1,632,347</u>	<u>1,632,347</u>	<u>1,440,043</u>	<u>192,304</u>
Debt service:				
Principal	1,374,466	1,374,466	1,376,690	(2,224)
Interest	327,641	327,641	288,507	39,134
Total debt service	<u>1,702,107</u>	<u>1,702,107</u>	<u>1,665,197</u>	<u>36,910</u>
Transfer to other funds	<u>774,288</u>	<u>774,288</u>	<u>1,225,415</u>	<u>(451,127)</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 33,854,769</u>	<u>\$ 33,854,769</u>	<u>\$ 32,870,593</u>	<u>\$ 984,176</u>

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Due from other governments	\$ 92,646	\$ -	\$ 92,646
Due from other funds	327,778	5,577	333,355
TOTAL ASSETS	<u>\$ 420,424</u>	<u>\$ 5,577</u>	<u>\$ 426,001</u>
LIABILITIES			
Due to other funds	\$ 65,315	\$ -	\$ 65,315
TOTAL LIABILITIES	<u>66,829</u>	<u>-</u>	<u>66,829</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	353,595	-	353,595
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>353,595</u>	<u>-</u>	<u>353,595</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	5,577	5,577
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>5,577</u>	<u>5,577</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 420,424</u>	<u>\$ 5,577</u>	<u>\$ 426,001</u>

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 1,242,132	\$ -	\$ 1,242,132
Interest income	-	196	196
Other	386	-	386
TOTAL REVENUES	<u>1,242,518</u>	<u>196</u>	<u>1,242,714</u>
EXPENDITURES			
Other	<u>1,236,384</u>	-	<u>1,236,384</u>
TOTAL EXPENDITURES	<u>1,236,384</u>	<u>-</u>	<u>1,236,384</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,134</u>	<u>196</u>	<u>6,330</u>
OTHER FINANCING SOURCES (USES)			
Equity transfer in	-	5,381	5,381
Transfers in	329,569	-	329,569
Transfers (out)	<u>(335,703)</u>	<u>-</u>	<u>(335,703)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,134)</u>	<u>5,381</u>	<u>(753)</u>
NET CHANGE IN FUND BALANCES	-	5,577	5,577
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ 5,577</u>	<u>\$ 5,577</u>

See accompanying independent auditors' report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2020

	Title IV	Act 230 Grant	IDEA-B Formula Grant	IDEA-B Preschool	Title I
ASSETS					
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Schoolwide Program and Admin	Snack Grants	Medicaid Reimb IEP	Safety and Security	E-911
ASSETS					
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	316,175	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,175</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	-	316,175	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>316,175</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,175</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE E (CONTINUED)

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Fresh Fruit and Vegetables	Rowland Foundation Grant	REAP	EPSDT Revenues	Local Standard Board Grant
ASSETS					
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	11,603	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,603</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	-	-	11,603	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,603</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,603</u>	<u>\$ -</u>

SCHEDULE E (CONTINUED)
WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Title IIA	Misc Grants	Total
ASSETS			
Due from other governments	\$ -	\$ 92,646	\$ 92,646
Due from other funds	-	-	327,778
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 92,646</u>	<u>\$ 420,424</u>
LIABILITIES			
Accounts payable	\$ -	\$ 1,514	\$ 1,514
Due to other funds	-	65,315	65,315
TOTAL LIABILITIES	<u>-</u>	<u>66,829</u>	<u>66,829</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	-	25,817	353,595
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>25,817</u>	<u>353,595</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 92,646</u>	<u>\$ 420,424</u>

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Title IV	Act 230 Grant	IDEA-B Formula Grant	IDEA-B Preschool	Title I
REVENUES					
Intergovernmental	\$ 36,244	\$ 920	\$ 405,343	\$ 6,459	\$ 333,004
Other	-	-	-	-	-
TOTAL REVENUES	<u>36,244</u>	<u>920</u>	<u>405,343</u>	<u>6,459</u>	<u>333,004</u>
EXPENDITURES					
Other	36,244	920	405,343	6,459	3,435
TOTAL EXPENDITURES	<u>36,244</u>	<u>920</u>	<u>405,343</u>	<u>6,459</u>	<u>3,435</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>329,569</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	(329,569)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(329,569)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Schoolwide Program and Admin	Title I - SI	Medicaid Reimb IEP	Safety and Security	E-911
REVENUES					
Intergovernmental	\$ -	\$ 39,882	\$ 208,903	\$ 6,205	\$ 18,286
Other	-	-	-	-	-
TOTAL REVENUES	-	39,882	208,903	6,205	18,286
EXPENDITURES					
Other	329,569	39,882	208,903	6,205	12,751
TOTAL EXPENDITURES	329,569	39,882	208,903	6,205	12,751
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(329,569)	-	-	-	5,535
OTHER FINANCING SOURCES (USES)					
Transfers in	329,569	-	-	-	-
Transfers (out)	-	-	-	-	(5,535)
TOTAL OTHER FINANCING SOURCES (USES)	329,569	-	-	-	(5,535)
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES - JULY 1	-	-	-	-	-
FUND BALANCES - JUNE 30	\$ -	\$ -	\$ -	\$ -	\$ -

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Fresh Fruit and Vegetables	Rowland Foundation Grant	REAP	EPSDT Revenues	Local Standard Board Grant
REVENUES					
Intergovernmental	\$ 8,645	\$ -	\$ 69,316	\$ 21,721	\$ 558
Other	-	386	-	-	-
TOTAL REVENUES	<u>8,645</u>	<u>386</u>	<u>69,316</u>	<u>21,721</u>	<u>558</u>
EXPENDITURES					
Other	8,046	386	69,316	21,721	558
TOTAL EXPENDITURES	<u>8,046</u>	<u>386</u>	<u>69,316</u>	<u>21,721</u>	<u>558</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	(599)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(599)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE F (CONTINUED)
WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Title IIA	Misc Grants	Total
REVENUES			
Intergovernmental	\$ 86,646	\$ -	\$ 1,242,132
Other	-	-	386
TOTAL REVENUES	<u>86,646</u>	<u>-</u>	<u>1,242,518</u>
EXPENDITURES			
Other	86,646	-	1,236,384
TOTAL EXPENDITURES	<u>86,646</u>	<u>-</u>	<u>1,236,384</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>6,134</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	329,569
Transfers (out)	-	-	(335,703)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(6,134)</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying independent auditors' report and notes to financial statements.

Permanent Funds

Permanent funds are used to account for assets held by the Washington Central Unified Union School District that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the School District or its students. These funds have been established for the provision and/or maintenance of various funds.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2020

	Music- Bellemeur Fund	Total
ASSETS		
Due from other funds	\$ 5,577	\$ 5,577
TOTAL ASSETS	<u>\$ 5,577</u>	<u>\$ 5,577</u>
LIABILITIES		
Accounts payable	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	5,577	5,577
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>5,577</u>	<u>5,577</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,577</u>	<u>\$ 5,577</u>

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Music- Bellemeur Fund	Total
REVENUES		
Interest income	\$ 196	\$ 196
TOTAL REVENUES	<u>196</u>	<u>196</u>
EXPENDITURES		
Other	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>196</u>	<u>196</u>
OTHER FINANCING SOURCES (USES)		
Equity transfer in	5,381	5,381
Transfers in	-	-
Transfers (out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,381</u>	<u>5,381</u>
NET CHANGE IN FUND BALANCES	5,577	5,577
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ 5,577</u>	<u>\$ 5,577</u>

See accompanying independent auditors' report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2020

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Direct Services	\$ -	\$ -	\$ 348,789	\$ -	\$ 348,789
S.S. - Students	-	5,801	1,678,324	-	1,684,125
S.S. - General Admin	-	-	32,696	-	32,696
S.S. - Area Admin	-	-	82,349	-	82,349
Operations and Maintenance	-	-	794,422	-	794,422
District-wide	615,758	49,466,946	350,519	-	50,433,223
Food Service	-	1,162,501	536,463	-	1,698,964
Total General Capital Assets	615,758	50,635,248	3,823,562	-	55,074,568
Less: Accumulated Depreciation	-	(22,187,512)	(2,295,167)	-	(24,482,679)
Net General Capital Assets	<u>\$ 615,758</u>	<u>\$ 28,447,736</u>	<u>\$ 1,528,395</u>	<u>\$ -</u>	<u>\$ 30,591,889</u>

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2020

	General Capital Assets 7/1/19	Additions	Deletions	General Capital Assets 6/30/20
Direct Services	\$ -	\$ 348,789	\$ -	\$ 348,789
S.S. - Students	-	1,809,561	(125,436)	1,684,125
S.S. - General Admin	-	32,696	-	32,696
S.S. - Area Admin	-	82,349	-	82,349
Operations & Maintenance	-	836,648	(42,226)	794,422
District-wide	-	50,643,406	(210,183)	50,433,223
Food Service	-	1,710,768	(11,804)	1,698,964
Total General Capital Assets	-	55,464,217	(389,649)	55,074,568
Less: Accumulated Depreciation	-	(24,679,980)	197,301	(24,482,679)
Net General Capital Assets	\$ -	\$ 30,784,237	\$ (192,348)	\$ 30,591,889

See accompanying independent auditors' report and notes to financial statements.

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture Passed through State of Vermont - Agency of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	4452U0922000	\$ 36,477	\$ -
National School Lunch Program	10.555	4450U0922000	123,099	-
Summer Food Service	10.559	4455S0322000	15,153	-
Summer Food Service	10.559	4455U0922001	250,780	-
Subtotal Child Nutrition Cluster			<u>425,509</u>	<u>-</u>
Fresh Fruits and Vegetables	10.582	4449U0922000	<u>8,645</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>434,154</u>	<u>-</u>
U.S. Department of the Treasury Passed through State of Vermont - Agency of Education:				
CARES Act	21.019	4592U0922100	670,529	-
CARES Act	21.019	4593U0922101	<u>50,626</u>	<u>-</u>
Total U.S. Department of the Treasury			<u>721,155</u>	<u>-</u>
U.S. Department of Education Passed through State of Vermont - Agency of Education:				
Title I - Grants to Local Education Agencies	84.010	4250U0922001	333,004	-
Title I - Grants to Local Education Agencies	84.010	4255U0922001	<u>39,882</u>	<u>-</u>
			<u>372,886</u>	<u>-</u>
Special Education Cluster (IDEA):				
IDEA-B Flow Through	84.027	4226U0922001	405,343	-
IDEA-B Part B Section 619	84.173	4228U0922001	<u>6,459</u>	<u>-</u>
Subtotal Special Education Cluster (IDEA)			<u>411,802</u>	<u>-</u>
Title IIA - Supporting Effective Instruction	84.367	4651U0922001	<u>86,646</u>	<u>-</u>
Student Support and Academic Enrichment	84.424	4570U0922001	<u>36,244</u>	<u>-</u>
Total U.S. Department of Education			<u>867,696</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 2,023,005</u>	<u>\$ -</u>

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Washington Central Unified Union School District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Washington Central Unified Union School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Washington Central Unified Union School District.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The U.S. Department of Education (USED) has delegated to the State of Vermont Agency of Education the authority to issue indirect cost rates to all Local Education Agencies (LEAs) based on a plan approved by the USED. Therefore, the Washington Central Unified Union School District does not use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

3. Noncash Awards

The Washington Central Unified Union School District reports U.S. Department of Agriculture (USDA) Foods consumed on the Schedule at the fair value [or entitlement value]. The State of Vermont allocated USDA Foods to the respective program(s) that benefitted from the use of those USDA Foods.



Proven Expertise & Integrity

INDEPENDENT AUDITORS' 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*

Board of Directors
Washington Central Unified Union School District
Montpelier, Vermont

We have audited, in accordance with generally accepted auditing standards 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, business-type activities, each major fund and the aggregate remaining fund information of Washington Central Unified Union School District as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise Washington Central Unified Union School District's basic financial statements, and have issued our report thereon dated October 2, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Washington Central Unified Union 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 Washington Central Unified Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Washington Central Unified Union 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.

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www.rhrsmith.com

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington Central Unified Union 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.

A handwritten signature in black ink that reads "RHR Smith & Company". The signature is written in a cursive, flowing style.

Buxton, Maine
Vermont Registration No. 092.0000697
October 2, 2020



Proven Expertise & Integrity

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

Board of Directors
Washington Central Unified Union School District
Montpelier, Vermont

Report on Compliance for Each Major Federal Program

We have audited Washington Central Unified Union School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Washington Central Unified Union School District's major federal programs for the year ended June 30, 2020. Washington Central Unified Union School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Washington Central Unified Union School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Washington Central Unified Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Washington Central Unified Union School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Washington Central Unified Union School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Washington Central Unified Union School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Washington Central Unified Union School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Washington Central Unified Union School District's internal control over compliance.

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

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

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

RHR Smith & Company

Buxton, Maine

Vermont Registration No. 092.0000697

October 2, 2020

WASHINGTON CENTRAL UNIFIED UNION SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(ies) identified? ☐yes ☒no
- Noncompliance material to financial statements noted? ☐yes ☒no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(ies) identified? ☐yes ☒no

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019	CARES Act

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

Auditee qualified as low-risk auditee? ☒yes ☐no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

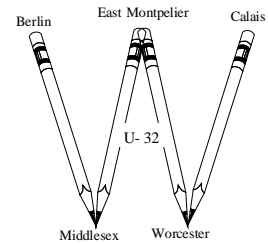
None

Washington Central Unified Union School District

WCUUSD exists to nurture and inspire in all students the passion, creativity and power to contribute to their local and global communities.

1130 Gallison Hill Road
Montpelier, VT 05602
Phone (802) 229-0553
Fax (802) 229-2761

Bryan Olkowski
Superintendent



TO: Finance Committee
FROM: Bryan Olkowski, Superintendent
DATE: March 30, 2021
RE: Berlin Storm Water Bid

We received bids from Avery Excavation, Inc., Dubois Construction, Inc, and Capitol Earthmoving, Inc. on 3.26.21 for the Berlin Storm water project.

The scope of the project includes: construction of a collection swale, new storm water drainage piping and structures, and a bio retention treatment system.

The low base bid amount of \$157,950.00, was provided by Dubois Construction.

The capital budget fund does have sufficient funds for this project.

A project budget would include 10% for a change orders for a total budget of \$173,745.00.

It is recommended for the approval of the bid provided by Dubois Construction, Inc. in the amount of \$157,950.00.

Motion:

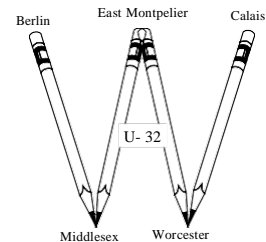
1. Approve the bid award to Dubois Construction, Inc. in the amount of \$157,950.00.

Washington Central Unified Union School District

WCUUSD exists to nurture and inspire in all students the passion, creativity and power to contribute to their local and global communities.

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Bryan Olkowski
Superintendent



MEMORANDUM

TO: WCUUSD School Board
FROM: Bryan Olkowski, Superintendent; Jim Garrity, Interim Director of Technology
DATE: March 30, 2021
RE: Electric Vehicle Charger at Rumney Memorial School

This memorandum is a follow-up to the November 11, 2020 memo regarding the Electric Vehicle (EV) Charger at Rumney Memorial School. The board stated that they were open to keeping the charger on Rumney property and supporting the ongoing electricity consumption, but were no longer interested in incurring the support costs for the ChargePoint portal and technology and associated hotspot costs. These original costs were part of the original purchase and were included for five (5) years but will expire on or before May 27, 2021.

In speaking with Lauri Scharf of the Middlesex Select Committee and Energy Committee, the committee was appreciative of the board's approach here and understood the approach around shedding the costs for the service and hotspot.

The Middlesex Select Board was not currently continuing to invest in the charger licensing and connectivity costs as there are smaller and faster chargers on the market today, but they do support having electric vehicle chargers within the town.

Lauri and the district spoke about seeing if the charger can function and charge a car without being connected to the hotspot and ChargePoint service.

Lauri reached out to Bill Powell at WEC and confirmed that the school district can use the charger, even if it is not connected to the ChargePoint service.

The ChargePoint representative, Ellen Ruddy, made the following statement to

Lauri and the district: "If the District has the station decommissioned when the network services expire – not disabled, they will be able to use the station as a dumb station. The District will need to call support around Oct 17,2021 and let support know to decommission the station but NOT TO DISABLE IT! If it is disabled it will not act as a dumb station."

Lauri mentioned that Bill Powell will assist Middlesex and the District on supporting our plan to keep the charger running, without support, if necessary. If there is any issue with the equipment after support ends, that liability rests with the District.

The Middlesex Energy Committee went on to say that it is available to discuss alternatives, such as setting up smaller “off-the-shelf” chargers in the Rumney parking lot, if there is an appetite for that.

Finance Committee Recommendation:

1. Motion to allow the EV Charger at Rumney to remain in operation, with ongoing electricity being provided by the school district.
2. Motion to non-renew the Charge Point service and associated hotspot for the Rumney EV Charger. The charger will continue to operate and slow charge vehicles on Rumney school grounds but will no longer be accessible via the Charge Point network. WCUUSD does not want to incur the software cost on an ongoing basis; and the Middlesex Select Board and Energy committee do not want to incur the software cost either. We are voting to discontinue the ongoing software and maintenance cost for this device.