

MINUTES



**Addison Central School District
Finance Committee
Committee Meeting
Thursday, June 8, 2023, 8:30 am - 9:30 am
49 Charles Avenue, Middlebury VT & Virtual Connection**

Please click the link below to join the webinar:

Link to join Webinar

<https://us06web.zoom.us/j/82752079525>

- A. Call to Order Upon Reaching a Quorum
- B. Introductions - Board Members, Administrators and Staff
- C. Public Comment
- D. Approve Minutes of May 1, 2023
- E. Committee Discussion:
 - 1. ACSD Tax Anticipation Note Approval
- F. ACSD Audit Report 2022
 - 1. FY 24 Transportation Bid
 - 2. FY24 ACSD Auditor Bids
- G. Other
- H. Adjournment

***Public Comment Guidelines:**

Public comments are encouraged and welcome at each regular board meeting during the period designated for public comment. Comments are limited to three minutes per person. Citizens will be called to make their statement by the board chair. Public comments regarding personnel, students or legal matters will not be heard by the Board.

MINUTES



Addison Central School District

Finance Committee

Committee Meeting

Monday, May 1, 2023, 10:00 am - 11:00 am

49 Charles Avenue, Middlebury VT & Virtual Connection

Please click the link below to join the webinar:

Link to join Webinar

<https://us06web.zoom.us/j/87018275578?>

A. Call to Order Upon Reaching a Quorum Meeting called to order at 10:02 AM

B. Introductions: Board Members, Administrators and Staff

Present: Steve Orzech, James Malcolm, Jason Chance [zoom until 10 30 am], Matt Corrente

C. Public Comment

No public present or on zoom

1. Elect Committee Chair

James Malcolm nominated and elected chair of the committee

2. Establish Regular Meeting Date/Time

Discussion of meeting times: the next meeting will probably occur early august after close of fiscal year on June 30. Meeting times thereafter second Monday 8 30 am or more frequent as needed during budget development.

D. Approve the Minutes of February 10, 2023

Approved minutes of comm meeting of Feb 10 2023, Jason Chance

abstained. E. Committee Discussion:

1. Review Quarter #3 Report

Matt distributed "ACSD financial projection report thru Q3 of FY 23 5/1/2023". These 4 pages are attached to the minutes. All questions were answered. Most likely projected fund balance will be \$972,000 or higher, most likely \$1.1 million.

F. Other Business

Matt gave a brief "heads up" about potential effects of changes in the weighting schedule. There will be many ramifications and will affect budget formation. To be determined

Steve raised the question of continuing to use e-finance software considering the fact the neighboring districts has changed to a different system. E finance is still free and Matt has just mastered it after his year on the job and does not wish to change at the present although possible later on.

Steve asked about efforts that all schools, especially the small ones are consistent in how budget lines are categorized. Ie; apple to apples to apples. It is important in budgeting but also for determining equity. G. Adjournment

Adjourned at 11:19 AM

Respectfully submitted,
James Malcolm

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49 Charles Avenue Middlebury, VT 05753 P. 802-382-1274 F. 802-388-0024
Business Office 802-382-1273 Student Services 802-382-1287

TO: ACSD Board
FROM: Matthew Corrente
RE: ACSD Tax Anticipation Note approval
DATE: June 12, 2023

As with each new fiscal year, ACSD needs to borrow funds in order to meet its cash flow obligations in FY24. Please approve the following motion:

Approve a \$3,125,422.00 operating line of credit from the National Bank of Middlebury, due no later than June 30, 2024, at an interest rate of 3.0% and authorize the Treasurer, Business Manager, and Assistant Business Manager to borrow against the line of credit as needed on behalf of the board.

The Board resolution and Promissory Note will be sent electronically for signature to the Board Secretary and Treasurer.

Thank you.

Federal Compliance Audit

Addison Central School District

June 30, 2022



Proven Expertise & Integrity

ADDISON CENTRAL SCHOOL DISTRICT

CONTENTS

JUNE 30, 2022

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 12

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT A - STATEMENT OF NET POSITION	13 - 14
STATEMENT B - STATEMENT OF ACTIVITIES	15 - 16

FUND FINANCIAL STATEMENTS

STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	17
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	18
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	19
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
STATEMENT G - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	21
STATEMENT H - STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	22
NOTES TO FINANCIAL STATEMENTS	23 - 68

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	69
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SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND AND CERTAIN SPECIAL REVENUE FUNDS AND PRIVATE PURPOSE TRUST FUNDS	70
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	71
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	72
SCHEDULE 4 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	73
SCHEDULE 5 - SCHEDULE OF CONTRIBUTIONS - OPEB	74
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	75
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	76
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	77
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	78 - 82
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	83
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	84
SPECIAL REVENUE FUNDS DESCRIPTION	85
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	86 - 93
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	94 - 101
CAPITAL PROJECT FUNDS DESCRIPTION	102

SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS	103
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS	104
PERMANENT FUNDS DESCRIPTION	105
SCHEDULE I - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	106
SCHEDULE J - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	107
PRIVATE-PURPOSE FUNDS DESCRIPTION	108
SCHEDULE K - COMBINING SCHEDULE OF NET POSITION - PRIVATE - PURPOSE TRUST FUNDS	109
SCHEDULE L - COMBINING SCHEDULE OF CHANGES IN NET POSITION - PRIVATE-PURPOSE TRUST FUNDS	110
GENERAL CAPITAL ASSETS DESCRIPTION	111
SCHEDULE M - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	112
SCHEDULE N - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	113
<u>FEDERAL COMPLIANCE</u>	
FEDERAL COMPLIANCE DESCRIPTION	114
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	115
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	116
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	117 - 118

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	119 - 121
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	122



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Addison Central School District
Middlebury, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Addison Central School District, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Addison Central School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Addison Central School District as of June 30, 2022 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.

Basis for Opinions

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Addison Central School District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Addison Central School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 5 through 12 and 70 through 75 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Addison Central 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 accompanying 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 March 21, 2023, on our consideration of the Addison Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Addison Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Addison Central School District's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
March 21, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

(UNAUDITED)

The following management's discussion and analysis of the Addison Central School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the School District's financial statements.

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 and certain special revenue and private purpose trust funds 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 type 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 town and charges for services. All of the School District's basic services are reported in governmental activities, which include regular programs, special education, support services, administration, operations and maintenance, transportation and program expenditures.

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 two categories: governmental funds and fiduciary funds.

Governmental funds: All 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 four 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, the Medicaid IEP fund and the consolidated federal grant fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund and Certain Special Revenue and Private Purpose Trust Funds provides a comparison of the original and final budget and the actual expenditures for the current year.

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 and Certain Special Revenue and Private Purpose Trust Funds, 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.

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 activities. The School District's total net position for governmental activities increased by \$977,129 from \$20,634,967 to \$21,612,096.

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 - increased for governmental activities to a balance of \$4,245,626 at the end of the fiscal year.

Table 1
Addison Central School District
Net Position
June 30,

	Governmental Activities	
	2022	2021 (Restated)
Assets:		
Current Assets	\$ 8,270,593	\$ 7,323,004
Noncurrent Assets - Capital Assets	15,288,127	15,519,716
Total Assets	<u>23,558,720</u>	<u>22,842,720</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	69,423	118,867
Total Deferred Outflows of Resources	<u>69,423</u>	<u>118,867</u>
Liabilities:		
Current Liabilities	816,855	1,120,667
Noncurrent Liabilities	1,063,961	1,129,883
Total Liabilities	<u>1,880,816</u>	<u>2,250,550</u>
Deferred Inflows of Resources:		
Deferred Revenues	31,549	23,651
Deferred Inflows Related to Pensions	103,682	52,419
Total Deferred Inflows of Resources	<u>135,231</u>	<u>76,070</u>
Net Position:		
Net Investment in Capital Assets	14,093,880	14,281,790
Restricted	3,259,674	3,202,954
Unrestricted	4,258,542	3,150,223
Total Net Position	<u>\$ 21,612,096</u>	<u>\$ 20,634,967</u>

Revenues and Expenses

Revenues for the Addison Central School District's governmental activities decreased by 3.76%, while total expenses decreased by 1.76%. The decrease in revenues was due to decreases in operating grants and contributions and grants and contributions not restricted to specific programs. The decrease in expenses was due to decreases in regular programs and state on-behalf payments.

Table 2
Addison Central School District
Change in Net Position
For the Years Ended June 30,

	Governmental Activities	
	2022	2021
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 990,310	\$ 828,274
Operating grants and contributions	26,484,579	28,994,090
<i>General Revenues:</i>		
Grants and contributions not restricted to specific programs	33,383,733	33,469,593
Miscellaneous	378,537	340,462
Total Revenues	<u>61,237,159</u>	<u>63,632,419</u>
Expenses		
Regular programs	17,630,303	18,087,642
Special education	4,424,571	4,031,587
Support services	4,978,308	4,499,851
Administration	4,307,559	4,257,220
Operations and maintenance	3,574,783	3,250,818
Transportation	1,340,053	1,085,319
Interest	39,662	36,655
State on-behalf payments	20,027,247	22,767,224
Program expenditures	3,937,544	3,322,764
Total Expenses	<u>60,260,030</u>	<u>61,339,080</u>
Change in Net Position	977,129	2,293,339
Net Position - July 1, Restated	<u>20,634,967</u>	<u>18,341,628</u>
Net Position - June 30	<u><u>\$ 21,612,096</u></u>	<u><u>\$ 20,634,967</u></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
Addison Central School District
Fund Balances - Governmental Funds
June 30,

	<u>2022</u>	<u>2021 (Restated)</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 30,919	\$ 29,538	\$ 1,381
Assigned	623,744	623,744	-
Unassigned	3,189,727	2,844,669	345,058
Medicaid IEP Fund:			
Restricted	337,521	311,657	25,864
Consolidated Federal Grant Fund:			
Committed	-	-	-
Total Major Funds	<u>\$ 4,181,911</u>	<u>\$ 3,809,608</u>	<u>\$ 372,303</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 21,035	\$ 7,827	\$ 13,208
Restricted	2,916,562	2,885,713	30,849
Unassigned	(50,638)	(38,041)	(12,597)
Capital Projects Funds:			
Committed	578,707	11,063	567,644
Permanent Funds:			
Restricted	5,591	5,584	7
Total Nonmajor Funds	<u>\$ 3,471,257</u>	<u>\$ 2,872,146</u>	<u>\$ 599,111</u>

The changes to total fund balances for the general fund, Medicaid IEP fund and the nonmajor funds occurred due to the regular activity of operations.

Budgetary Highlights

There was no difference between the original and final budget for the general fund. The difference between the original and final budget for certain special revenue and private purpose trust funds is anticipated increases in grant and investment income.

The general fund actual revenues were below budgeted revenues by \$664,580 primarily due to intergovernmental - other, intergovernmental - tuition and miscellaneous income being receipted below budgeted amounts.

The general fund actual expenditures were below budget by \$1,011,019. This is due primarily to all areas except special education, operations and maintenance, transfers to other funds being under budgeted amounts.

The certain special revenue and private purpose trust funds revenues were below budgeted revenues by \$222,927. This was primarily due to intergovernmental - other and interest income being receipted under budgeted amounts.

The certain special revenue and private purpose trust funds actual expenditures were below budget by \$737,624.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2022, the net book value of capital assets recorded by the School District decreased by \$231,589. This decrease was due to current year capital additions of \$876,312 less current year depreciation expense of \$1,107,901.

Table 4
Addison Central School District
Capital Assets (Net of Depreciation)
June 30,

	2022	2021
Land improvements	\$ 277,675	\$ 310,396
Buildings and improvements	13,442,937	13,722,101
Furniture and fixtures	196,524	222,617
Machinery and equipment	931,009	910,186
Vehicles	47,832	64,206
Infrastructure	259,726	290,210
Right of use lease assets	132,424	-
Total	<u>\$ 15,288,127</u>	<u>\$ 15,519,716</u>

Debt

At June 30, 2022, the School District had \$1,194,247 in bonds payable, notes from direct borrowings payable and lease liability outstanding versus \$1,435,522 last year. Refer to Note 7 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

The School District has also noted a subsequent event as a currently known fact. Refer to Note 21 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The 2022 - 2023 budget could be affected by reductions in grant funds, both state and federal.

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 49 Charles Avenue, Middlebury, Vermont 05753.

ADDISON CENTRAL SCHOOL DISTRICT

STATEMENT A

STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 7,308,748
Investments	2,445
Accounts receivable (net of allowance for uncollectibles)	327,707
Due from other governments	579,739
Prepaid items	30,919
Inventory	21,035
Total current assets	<u>8,270,593</u>
Noncurrent assets:	
Capital assets:	
Land improvements, net of accumulated depreciation	277,675
Buildings and improvements, net of accumulated depreciation	13,442,937
Furniture and fixtures, net of accumulated depreciation	196,524
Infrastructure, net of accumulated depreciation	259,726
Machinery and equipment, net of accumulated depreciation	931,009
Vehicles, net of accumulated depreciation	47,832
Right of use lease assets, net of accumulated depreciation	132,424
Total noncurrent assets	<u>15,288,127</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	69,423
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>69,423</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 23,628,143</u></u>

STATEMENT A (CONTINUED)

ADDISON CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 68,068
Accrued expenses	517,808
Current portion of long-term obligations	<u>230,979</u>
Total current liabilities	<u>816,855</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	894,250
Notes from direct borrowings payable	1,766
Lease liability	67,252
Net pension liability	<u>100,693</u>
Total noncurrent liabilities	<u>1,063,961</u>
TOTAL LIABILITIES	<u>1,880,816</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	31,549
Deferred inflows related to pensions	<u>103,682</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>135,231</u>
NET POSITION	
Net investment in capital assets	14,093,880
Restricted: Medicaid IEP fund	337,521
Special revenue funds	2,916,562
Permanent funds	5,591
Unrestricted	<u>4,258,542</u>
TOTAL NET POSITION	<u>21,612,096</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 23,628,143</u>

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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:							
Regular programs	\$ 17,630,303	\$ 980,564	\$ -	\$ -	\$ (16,649,739)	\$ -	\$ (16,649,739)
Special education	4,424,571	-	2,460,104	-	(1,964,467)	-	(1,964,467)
Support services	4,978,308	-	-	-	(4,978,308)	-	(4,978,308)
Administration	4,307,559	-	-	-	(4,307,559)	-	(4,307,559)
Operations and maintenance	3,574,783	-	-	-	(3,574,783)	-	(3,574,783)
Transportation	1,340,053	-	343,667	-	(996,386)	-	(996,386)
Interest	39,662	-	-	-	(39,662)	-	(39,662)
State on-behalf payments	20,027,247	-	20,027,247	-	-	-	-
Program expenditures	3,937,544	9,746	3,653,561	-	(274,237)	-	(274,237)
Total governmental activities	<u>\$ 60,260,030</u>	<u>\$ 990,310</u>	<u>\$ 26,484,579</u>	<u>\$ -</u>	<u>(32,785,141)</u>	<u>-</u>	<u>(32,785,141)</u>

STATEMENT B (CONTINUED)

ADDISON CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(32,785,141)</u>
General revenues:	
Grants and contributions not restricted to specific programs	33,383,733
Miscellaneous	<u>378,537</u>
Total general revenues	<u>33,762,270</u>
Change in net position	977,129
NET POSITION - JULY 1, RESTATED	<u>20,634,967</u>
NET POSITION - JUNE 30	<u><u>\$ 21,612,096</u></u>

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Medicaid IEP	Consolidated Federal Grant	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,950,345	\$ -	\$ -	\$ 358,403	\$ 7,308,748
Investments	-	-	-	2,445	2,445
Accounts receivable (net of allowance for uncollectibles)	71,107	-	-	256,600	327,707
Due from other governments	-	-	-	579,739	579,739
Inventory	-	-	-	21,035	21,035
Prepaid items	30,919	-	-	-	30,919
Due from other funds	723,208	337,521	1,562	3,176,209	4,238,500
TOTAL ASSETS	<u>\$ 7,775,579</u>	<u>\$ 337,521</u>	<u>\$ 1,562</u>	<u>\$ 4,394,431</u>	<u>\$ 12,509,093</u>
LIABILITIES					
Accounts payable	\$ 18,270	\$ -	\$ 1,562	\$ 48,236	\$ 68,068
Accrued expenses	397,627	-	-	120,181	517,808
Due to other funds	3,515,292	-	-	723,208	4,238,500
TOTAL LIABILITIES	<u>3,931,189</u>	<u>-</u>	<u>1,562</u>	<u>891,625</u>	<u>4,824,376</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues	-	-	-	31,549	31,549
TOTAL DEFERRED INFLOWS OF RESOURCES OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,549</u>	<u>31,549</u>
FUND BALANCES					
Nonspendable	30,919	-	-	21,035	51,954
Restricted	-	337,521	-	2,922,153	3,259,674
Committed	-	-	-	578,707	578,707
Assigned	623,744	-	-	-	623,744
Unassigned	3,189,727	-	-	(50,638)	3,139,089
TOTAL FUND BALANCES	<u>3,844,390</u>	<u>337,521</u>	<u>-</u>	<u>3,471,257</u>	<u>7,653,168</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 7,775,579</u>	<u>\$ 337,521</u>	<u>\$ 1,562</u>	<u>\$ 4,394,431</u>	<u>\$ 12,509,093</u>

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

	Total Governmental Funds
Total Fund Balances	\$ 7,653,168
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	15,288,127
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	69,423
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,031,000)
Notes payable from direct borrowings	(30,823)
Lease liability	(132,424)
Net pension liability	(100,693)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(103,682)
Net position of governmental activities	<u>\$ 21,612,096</u>

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Medicaid IEP	Consolidated Federal Grant	Other Governmental Funds	Total Governmental Funds
REVENUES					
Intergovernmental revenues	\$ 39,187,336	\$ 237,038	\$ -	\$ 3,416,523	\$ 42,840,897
Charges for services	980,564	-	-	9,746	990,310
Interest income	2,918	-	-	7	2,925
Miscellaneous	113,601	-	-	262,011	375,612
TOTAL REVENUES	<u>40,284,419</u>	<u>237,038</u>	<u>-</u>	<u>3,688,287</u>	<u>44,209,744</u>
EXPENDITURES					
Current:					
Regular programs	17,373,615	-	-	-	17,373,615
Special education	4,424,571	-	-	-	4,424,571
Support services	5,045,820	-	-	-	5,045,820
Administration	4,302,901	-	-	-	4,302,901
Operations and maintenance	3,599,028	-	-	-	3,599,028
Transportation	1,335,773	-	-	-	1,335,773
Debt service:					
Principal	136,750	-	-	-	136,750
Interest	39,662	-	-	-	39,662
State on-behalf payments	2,999,832	-	-	-	2,999,832
Program expenditures	-	211,174	27,023	3,686,081	3,924,278
Capital outlay	-	-	-	56,100	56,100
TOTAL EXPENDITURES	<u>39,257,952</u>	<u>211,174</u>	<u>27,023</u>	<u>3,742,181</u>	<u>43,238,330</u>
EXCESS OF REVENUES OVER (UNDER)					
EXPENDITURES	<u>1,026,467</u>	<u>25,864</u>	<u>(27,023)</u>	<u>(53,894)</u>	<u>971,414</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	27,023	965,103	992,126
Transfers (out)	<u>(680,028)</u>	<u>-</u>	<u>-</u>	<u>(312,098)</u>	<u>(992,126)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(680,028)</u>	<u>-</u>	<u>27,023</u>	<u>653,005</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	346,439	25,864	-	599,111	971,414
FUND BALANCES - JULY 1, RESTATED	<u>3,497,951</u>	<u>311,657</u>	<u>-</u>	<u>2,872,146</u>	<u>6,681,754</u>
FUND BALANCES - JUNE 30	<u>\$ 3,844,390</u>	<u>\$ 337,521</u>	<u>\$ -</u>	<u>\$ 3,471,257</u>	<u>\$ 7,653,168</u>

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL 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, 2022

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 971,414</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	876,312
Depreciation expense	<u>(1,107,901)</u>
	<u>(231,589)</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>(49,444)</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>241,275</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>(51,263)</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:	
Net pension liability	<u>96,736</u>
Change in net position of governmental activities (Statement B)	<u>\$ 977,129</u>

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2022

	Private-Purpose Trust Funds
ASSETS	
Cash and cash equivalents	\$ 73,189
Investments	<u>1,676,873</u>
TOTAL ASSETS	<u>\$ 1,750,062</u>
LIABILITIES	
Due to other funds	<u>\$ 9,542</u>
TOTAL LIABILITIES	<u>\$ 9,542</u>
NET POSITION	
Restricted	<u>\$ 1,740,520</u>
TOTAL NET POSITION	<u>\$ 1,740,520</u>

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2022

	Private-Purpose Trust Funds Total
ADDITIONS	
Interest income	\$ 20,868
Total additions	20,868
DEDUCTIONS	
Distributions	168,327
Total deductions	168,327
Change in net position	(147,459)
NET POSITION - JULY 1	1,887,979
NET POSITION - JUNE 30	\$ 1,740,520

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Addison Central 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: regular programs, special education, support services, administration, operations and maintenance, transportation and program expenditures.

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.

Implementation of New Accounting Standards

During the year ended June 30, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 "Conduit Debt Obligations". The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 "Omnibus 2020". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 "Replacement of Interbank Offered Rates (paragraphs 13-14)". The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 97 "*Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*". The primary objectives of this Statement are to (1) 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; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has determined the impact of this Statement is not material to the financial statements.

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. All activities of the School District are categorized as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is 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 (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. 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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 Medicaid IEP Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Primary revenue sources are intergovernmental revenues.
- c. The Consolidated Federal Grant Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Primary revenue sources are transfers from other funds.

Nonmajor Funds:

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- e. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- f. Permanent Funds are used to account for assets held by the 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. The School District's policy for authorizing and spending investment income follows State statutes.

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support the School District's programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

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

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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	\$ 37,284,587
Add: On-behalf payments	<u>2,999,832</u>
Total GAAP basis	<u>\$ 40,284,419</u>
Expenditures per budgetary basis	\$ 36,938,148
Add: On-behalf basis	<u>2,999,832</u>
Total GAAP basis	<u>\$ 39,937,980</u>

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. The annual school budget is the planning management tool, which delineates the School 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 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 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 deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Addison Central School District has a formal investment policy and follows the State of Vermont Statutes.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$897,904 for the year ended June 30, 2022.

Prepaid Items

Certain insurance and other 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.

Inventories

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.

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 Governmental Funds.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more for are reported at historical cost or estimated historical cost. In addition, all buildings and land must be reported regardless of value and useful life at date of acquisition. 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.

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 reported 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:

Land improvements	20 - 50 years
Buildings and improvements	20 - 50 years
Furniture and fixtures	5 - 20 years
Infrastructure	50 - 100 years
Machinery and equipment	5 - 20 years
Vehicles	8 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 are reported as liabilities in government-wide statements. The long-term obligations consist of bonds, notes from direct borrowings payable, lease liability 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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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) 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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 revenue qualifies for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows 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 inflows 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).

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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, the School District's cash and cash equivalents balance of \$7,396,365 was comprised of bank deposits and cash equivalents of \$8,520,952. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the School District's cash and cash equivalents balance. Of these bank deposits, \$268,889 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk. \$52,496 in cash equivalents were covered by the Securities and Investors Protection Corporation and consequently were not exposed to custodial credit risk for investments. The remaining balance of \$7,199,567 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	\$ 8,468,456
Cash equivalents	<u>52,496</u>
	<u>\$ 8,520,952</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.

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. Certificates of deposit held with local financial institutions for \$886,520 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2022, the School District's investments of \$1,679,318 were comprised of certificates of deposit, U.S. agency securities, common stock, mutual funds and real estate investment trusts. Of these investments, the certificates of deposit in the amount of \$252,445 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk. \$263,941 were insured by NCUSIF and the remaining balance of \$370,134 was collateralized with securities held by the financial institution in the School District's name. \$447,504 of the School District's investments in U.S. agency securities, common stock, mutual funds and real estate investment trusts was covered by the Securities and Investors Protection Corporation and consequently was not exposed to custodial credit risk for investments. The remaining balance of \$292,798 was uninsured and uncollateralized.

At June 30, 2022, the School District had the following investments:

Investment Type	Fair Value	N/A	Less than 1 Year	1 - 5 Years	Over 5 Years
U.S. Agency securities	\$ 192,322	\$ -	\$ -	\$ 120,774	\$ 71,548
Common stock	582,837	582,837	-	-	-
Mutual funds	5,086	5,086	-	-	-
Real estate investment trusts	12,553	12,553	-	-	-
	<u>\$ 792,798</u>	<u>\$ 600,476</u>	<u>\$ -</u>	<u>\$ 120,774</u>	<u>\$ 71,548</u>

Fair Value Hierarchy

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The School District has the following recurring fair value measurements as June 30, 2022:

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2022 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
U.S. Agency Securities	\$ 192,323	\$ -	\$ 192,323	\$ -
Total debt securities	<u>192,323</u>	<u>-</u>	<u>192,323</u>	<u>-</u>
Equity securities:				
Common stock - domestic	582,837	582,837	-	-
Mutual funds - domestic and foreign	5,086	5,086	-	-
Real estate investment trusts	12,553	12,553	-	-
Total equity securities	<u>600,476</u>	<u>600,476</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>792,799</u>	<u>\$ 600,476</u>	<u>\$ 192,323</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	<u>52,496</u>			
Total cash equivalents measured at the NAV	<u>52,496</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 845,295</u>			

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The School District has no Level III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2022 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Certificates of deposit held with local financial institutions for \$886,520 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 723,208	\$ 3,515,292
Medicaid IEP Fund	337,521	-
Consolidated Federal Grant Fund	1,562	-
Nonmajor Special Revenue Funds	2,597,502	723,208
Nonmajor Capital Projects Funds	578,707	-
	<u>\$ 4,238,500</u>	<u>\$ 4,238,500</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the School 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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2022 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ 680,028	\$ -
Consolidated Federal Grant Fund	-	27,023
Nonmajor Special Revenue Funds	312,098	341,359
Nonmajor Capital Projects Funds	-	623,744
	<u>\$ 992,126</u>	<u>\$ 992,126</u>

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

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Balance 7/1/21	Additions	Disposals	Balance 6/30/22
<u>Governmental activities:</u>				
Depreciated assets:				
Land improvements	\$ 729,095	\$ -	\$ -	\$ 729,095
Buildings and improvements	31,333,344	328,779	-	31,662,123
Furniture and fixtures	372,266	-	-	372,266
Infrastructure	593,802	-	-	593,802
Machinery and equipment	3,391,307	217,399	-	3,608,706
Vehicles	146,785	-	-	146,785
Right of use lease assets	-	330,134	-	330,134
	<u>36,566,599</u>	<u>876,312</u>	<u>-</u>	<u>37,442,911</u>
Less: accumulated depreciation				
Land improvements	(418,699)	(32,721)	-	(451,420)
Buildings and improvements	(17,611,243)	(607,943)	-	(18,219,186)
Furniture and fixtures	(149,649)	(26,093)	-	(175,742)
Infrastructure	(303,592)	(30,484)	-	(334,076)
Machinery and equipment	(2,481,121)	(196,576)	-	(2,677,697)
Vehicles	(82,579)	(16,374)	-	(98,953)
Right of use lease assets	-	(197,710)	-	(197,710)
	<u>(21,046,883)</u>	<u>(1,107,901)</u>	<u>-</u>	<u>(22,154,784)</u>
Net capital assets	<u>\$ 15,519,716</u>	<u>\$ (231,589)</u>	<u>\$ -</u>	<u>\$ 15,288,127</u>

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

Direct services	\$ 597,267
Support services - staff	19,709
Support services - students	65,460
Support services - fiscal	1,469
Support services - general admin.	24,549
Program expenditures - food service	13,266
Operations and maintenance	381,901
Transportation	4,280
Total depreciation expense	<u>\$ 1,107,901</u>

NOTE 6 - SHORT-TERM DEBT

On July 1, 2021, the Addison Central School District issued a tax anticipation note through the National Bank of Middlebury to provide liquidity for governmental operations financed by property taxes. The tax anticipation note allowed principal draws up to \$5,213,598 at 1.10% fixed interest per annum with a maturity date of June 30, 2022. There were no drawdowns on this note.

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2022:

	Balance 7/1/21 (Restated)	Additions	Deletions	Balance 6/30/22	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 1,167,750	\$ -	\$ (136,750)	\$ 1,031,000	\$ 296,750
Notes from direct borrowings payable	70,176	-	(39,353)	30,823	29,057
Lease liability	197,596	-	(65,172)	132,424	65,172
	<u>\$ 1,435,522</u>	<u>\$ -</u>	<u>\$ (241,275)</u>	<u>\$ 1,194,247</u>	<u>\$ 390,979</u>

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the bonds payable, notes from direct borrowings payable and lease liabilities as of June 30, 2022:

Bonds payable:

\$235,000, 2013 Series 1 general obligation refunding bond due to Vermont Municipal Bond Bank in annual principal installments of \$11,750 through November of 2033. Fixed interest ranging from 0.444% to 4.644% payable semi-annually through November of 2033. \$ 141,000

\$1,000,000, 2012 Series 1 general Obligation bond due to Vermont Municipal Bond Bank in annual principal installments of \$50,000 through November of 2032. Fixed interest ranging from 1.098% to 3.968% payable semi-annually through November of 2032. 550,000

\$400,000, 2014 Series 3 general obligation refunding bond due to Vermont Municipal Bond Bank in annual principal installments of \$40,000 through November of 2026. Fixed interest ranging from 0.513% to 3.433% payable semi-annually through November of 2026. 200,000

\$350,000, 2015 Series 5 general obligation refunding bond due to Vermont Municipal Bond Bank in annual principal installments of \$35,000 through November of 2025. Fixed interest ranging from 2.931% to 4.671% payable semi-annually through November of 2025, with savings allocations ranging from \$228 to \$893 rebated through November of 2025. Originally borrowed \$550,000 in 2009. 140,000

Total bonds payable 1,031,000

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Notes from direct borrowings payable:

Addison Central School District entered into a direct borrowing note in February 2020 with Univest Capital, Inc, secured by a Kubota Sweeper Mower. Interest is at a fixed rate of 1.50% per annum, with 36 monthly payments of principal and interest of \$1,427 and a maturity date in January 2023.

8,525

Addison Central School District entered into a direct borrowing note in August 2020 with KS Statebank secured by a 2020 Dodge Ram 550 dump truck. Interest is at a fixed rate of 4.74% per annum, with 36 monthly payments of principal and interest of \$1,775 and a maturity date in August 2023.

22,298

Total notes from direct borrowings payable

30,823

Lease liability:

Addison Central School District leases a copier from Canon Financial Services, Inc. under a lease agreement dated December 16, 2020. The lease term is for 42 months ending in July of 2023. Monthly payments are \$196.

1,188

Addison Central School District leases copiers from Canon Financial Services, Inc. under a lease agreement dated September 24, 2018. The lease term is for 60 months ending in 2024. Monthly payments are \$5,200.

124,800

Addison Central School District entered into a lease agreement with Quadient Leasing for a Postage Meter. Payments are made quarterly in the amount of \$495.09 with a maturity date in October of 2025.

6,436

Total lease liability

132,424

Total bonds payable, notes from direct borrowings payable and lease liability \$ 1,194,247

All bonds payable, notes from direct borrowings payable and lease liabilities 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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The right of use lease assets associated with these lease liabilities (including amortization/depreciation applicable to the same) are presented as a separate category of Capital Assets and are grouped accordingly on the Statement of Net Position.

The following is a summary of outstanding long term debt principal and interest requirements for the following fiscal years ending June 30:

Year	Bonds Payable		Notes from Direct Borrowings Payable		Lease Liability		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 136,750	\$ 35,323	\$ 29,057	\$ 801	\$ 65,172	\$ -	\$ 201,931
2024	136,750	30,720	1,766	9	64,776	-	169,245
2025	136,750	25,601	-	-	1,980	-	162,351
2026	136,750	20,801	-	-	496	-	157,551
2027	101,750	16,563	-	-	-	-	118,313
2028-2032	308,750	43,151	-	-	-	-	351,901
2033-2037	73,500	1,440	-	-	-	-	74,940
	<u>\$ 1,031,000</u>	<u>\$ 173,599</u>	<u>\$ 30,823</u>	<u>\$ 810</u>	<u>\$ 132,424</u>	<u>\$ -</u>	<u>\$ 1,236,232</u>

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2022:

	Balance 7/1/21	Additions	Deletions	Balance 6/30/22	Current Portion
<u>Governmental activities:</u>					
Net pension liability	<u>\$ 197,429</u>	<u>\$ 18,449</u>	<u>\$ (115,185)</u>	<u>\$ 100,693</u>	<u>\$ -</u>

Refer to Note 15 of Notes to the Financial Statements for detailed net pension liability information.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the School District at June 30, 2022:

Invested in capital assets	\$ 37,442,911
Accumulated depreciation	(22,154,784)
Outstanding capital related debt	<u>(1,194,247)</u>
	<u>\$ 14,093,880</u>

NOTE 10 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

At June 30, 2022, the School District had the following restricted net position and restricted fund balances:

Medicaid IEP fund	\$ 337,521
Nonmajor special revenue funds (Schedule E)	2,916,562
Nonmajor permanent funds (Schedule I)	<u>5,591</u>
	<u>\$ 3,259,674</u>

NOTE 11 - NONSPENDABLE FUND BALANCES

At June 30, 2022, the School District had the following nonspendable fund balances:

General fund:	
Prepaid Items	\$ 30,919
Nonmajor special revenue funds (Schedule E):	<u>21,035</u>
	<u>\$ 51,954</u>

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2022, the School District had the following committed fund balances:

Nonmajor capital projects funds (Schedule G)	<u>\$ 578,707</u>
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ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - ASSIGNED FUND BALANCE

At June 30, 2022, the School Department had the following assigned fund balance:

General fund:	
Capital reserve	<u>\$ 623,744</u>

NOTE 14 - DEFICIT FUND BALANCES

The following funds had deficit fund balances as of June 30, 2022:

Nonmajor special revenue funds (Schedule E):	
Title IIA	38
Food service equipment grants	3,479
Miscellaneous grant - MUHS	26,051
MUHS athletics	1,956
	<u>\$ 31,524</u>

NOTE 15 - 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 School District teachers and administrators as well as 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, 2020 (the most recent period available), the retirement system consisted of 23,436 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

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 Annual Comprehensive Financial Report 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: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](https://www.vermont.gov/annual-comprehensive-financial-report).

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 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:

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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% per year from age 62	Actuarial reduction

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

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - 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 \$2,999,832 or 19.28% 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	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 \$857,533 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 \$15,559,294 for the year ended June 30, 2022. 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 School District for the fiscal year ending June 30, 2022 were \$218,796. The School District's total payroll for all federally funded employees covered under this plan was \$1,134,837 for the year ended June 30, 2022.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - 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. a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2020 (the most recent data available), the retirement system consisted of 15,548 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 School Districts 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 Annual Comprehensive Financial Report. That report may be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - 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 Group A. 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
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

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
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, 2021 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	3.250% of gross salary	5.625% of gross salary	10.750% of gross salary	12.100% of gross salary
Employer Contributions	4.750% of gross salary	6.250% of gross salary	8.000% of gross salary	10.600% of gross salary

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, 2022 totaled \$9,906. The School District contributed \$14,478 for the year ended June 30, 2022. The School District's total payroll for the year ended June 30, 2022 for all employees covered under this plan was \$304,792.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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, 2022. The State's portion of the collective net pension liability that was associated with the School District was as follows:

School District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the School District	<u>35,517,912</u>
Total	<u>\$ 35,517,912</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, 2021, 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, 2021, the School District's proportion was 2.09485%, which was a decrease of 0.02349% from its proportion measured as of June 30, 2020.

VMERS Plan

At June 30, 2022, the School District reported a liability of \$100,693 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2021 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2020. 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.

At June 30, 2021, the School District's proportion was 0.06841% for VMERS, which was a decrease of 0.03699% from its proportion measured as of June 30, 2020 for VMERS.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2022, the School District recognized pension expense of \$10,892,492 and revenue of \$10,892,492 for support provided by the State of Vermont for the VSTRS plan. In the same period, the School District recognized net pension expense of \$18,449 for the VMERS plan. At June 30, 2022, 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	\$ -	\$ -	\$ 18,767	\$ -
Changes of assumptions	-	-	15,916	-
Net difference between projected and actual earnings on pension plan investments	-	-	-	59,372
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	20,262	44,310
Contributions subsequent to the measurement date	-	-	14,478	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,423</u>	<u>\$ 103,682</u>

\$14,478 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	VSTRS	VMERS
Plan year ended June 30:		
2022	\$ -	\$ 4,585
2023	-	(17,992)
2024	-	(15,962)
2025	-	(19,367)
2026	-	-
Thereafter	-	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using the actuarial assumptions outlined below.

Investment Rate of Return: For both plans, 7.00%, net of pension plan investment expenses, including inflation.

Inflation: For both plans, 2.30%.

Salary Increases: For the VSTRS plan, increases ranging from 3.30% to 10.50%. For the VMERS plan, varying, service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.

Deaths After Retirement:

The VSTRS plan's mortality rates were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

- *Pre-Retirement:* PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2019
- *Retiree Healthy Post-Retirement:* PubT-2010 Teacher Healthy Retiree Amount-Weighted Table with generational projection using scale MP- 2019
- *Disabled Post-Retirement:* PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

The VMERS plan's mortality rates for pre-retirement, healthy retirees and disabled retirees for Groups A, B, C and D were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement:

- Groups A/B/C - 40% PubG-2010 General Employee Amount-Weighted below-median and 60% of PubG-2010 General Employee Amount-Weighted, with generational projection using Scale MP-2019.
- Group D - PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2019.

Healthy Post-Retirement - Retirees:

- Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted below-median and 60% of PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019.
- Group D - PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019.

Disabled Post-Retirement:

- All Groups - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using Scale MP-2019.

Inactive Members: For both plans, valuation liability equals 100% of accumulated contributions. Inactive who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued benefit.

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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 2.40% per annum for Group A members and 1.35% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement). The January 1, 2021 and January 1, 2022 COLAs are 0.00% and 4.60%, respectively, for group A and 1.00% and 2.30%, respectively, for group C. For the VMERS plan, this occurs at the rate of 1.10% per annum for Group A members and 1.20% 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, 2021 COLA is 0.40% for all groups. The January 1, 2022 COLA is 2.00% for Group A members and 2.30% for Group B, C and D members.

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 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

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Passive Global Equity	24.00%	5.05%
Active Global Equity	5.00%	5.05%
US Equity - Large Cap	4.00%	4.00%
US Equity - Small/Mid Cap	3.00%	4.50%
Non-US Developed Market Equities	7.00%	5.35%
Non-US Equity - Small Cap	0.00%	0.00%
Emerging Markets Debt	4.00%	3.00%
Core Bonds	19.00%	0.00%
Private and Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	4.00%	3.75%
Non-Core Real Estate	4.00%	5.75%
Private Equity	10.00%	6.75%
Infrastructure/Farmland	3.00%	4.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% 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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 7.00% 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
<u>VSTRS:</u>			
Discount rate	6.00%	7.00%	8.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
School District's proportionate share of the net pension liability	\$ 199,026	\$ 100,693	\$ 19,835

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 are included as part of the State of Vermont's Annual Comprehensive Financial Report. That report can be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](https://www.vermont.gov/finance/annual-comprehensive-financial-report).

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - 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 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, 2020, the Plan consisted of 7,094 retired members or beneficiaries currently receiving benefits and 9,996 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 Annual Comprehensive Financial Report 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: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

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:

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 16 - 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 10 years 25 years at retirement
	15-19.99 years at retirement	60% of premium	10-14.99 years 25 years at retirement
	20-24.99 years at retirement	70% of premium	15-24.99 years 10 additional years from June 30, 2010
	25 years or more at retirement	80% of premium	25-29.99 years 35 years at retirement
		30 or more years	5 additional years from June 30, 2010

*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 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

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

at June 30, 2022. The State's portion of the collective net OPEB liability that was associated with the School District was as follows:

School District's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the School District		<u>26,434,436</u>
Total	\$	<u>26,434,436</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, 2021, 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, 2021, the School District's proportion was 2.07233% which was an increase of 0.02323% from its proportion measured as of June 30, 2020.

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

For the year ended June 30, 2022, the School District recognized total OPEB expense of \$6,134,923 and revenue of \$6,134,923 for support provided by the State of Vermont for the Plan. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	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>

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

	<u>VSTRS OPEB Plan</u>
Plan year ended June 30:	
2022	\$ -
2023	-
2024	-
2025	-
2026	-
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:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
VSTRS OPEB Plan:			
Discount rate	1.20%	2.20%	3.20%
School 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 2021 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers and CPI statistics published by the Bureau of Labor Statistics. The sensitivity of net OPEB liability to changes in healthcare trend rates are as follows:

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
School 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, 2020, 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.

The total OPEB liability of this Plan is amortized on a closed 30-year period. The amortization method is a level percent of payroll method. As of July 1, 2021, there is 27 years remaining on the amortization period.

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, 2021, are summarized below:

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00%	5.05%
US Equity - Large Cap	4.00%	4.00%
US Equity - Small/Mid Cap	3.00%	4.50%
Non-US Developed Market Equities	7.00%	5.50%
Emerging Markets Debt	4.00%	3.00%
Core Bonds	19.00%	0.00%
Private and Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	4.00%	3.75%
Non-Core Real Estate	4.00%	5.75%
Private Equity	10.00%	6.75%
Infrastructure/Farmland	3.00%	4.25%
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, 2021, they are as follows:

Discount Rate	2.20%
Salary Increase Rate	Varies by age
Non-Medicare	6.700% graded to 4.50% over 10 years
Medicare	6.00% graded to 4.50% over 11 years
Retiree Contributions	Equal to health trend
Pre-retirement Mortality	PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP- 2019
Post-retirement Mortality	Retirees: PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table Spouses: 109 % of the Pub-2010 Contingent Survivor Headcount- Weighted Table, both Retirees and Spouses with generational projection using scale MP-2019

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - 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, 2021 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-seven years as of July 1, 2021. For the fiscal year ended June 30, 2021, the discount rate was decreased from 2.21% to 2.20%.

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 Annual Comprehensive Financial Report. That report can be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

NOTE 17 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets; errors and omissions; and natural disasters for which the School District carries commercial insurance or participates in a public entity and self-insured risk pool.

Based on the coverage provided by the insurance purchased, the School District is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2022. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

In addition, the School District is a member of the Vermont School Boards Association. The Association has set up two insurance Trusts; Vermont School Boards

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 17 - RISK MANAGEMENT (CONTINUED)

Insurance Trust, Inc. (VSBIT) for worker compensation, multi-line intermunicipal school program and unemployment compensation program and the Vermont Education Health Initiative (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.

The School District self-funds unemployment compensation. The School District reimburses the State of Vermont, who pays the former School District employees while employed, for all valid unemployment claims. While the amount cannot be determined in advance, the School District has paid claims of \$2,464 in 2022, \$46,148 in 2021 and \$56,998 in 2020.

To provide worker's compensation coverage, VSBIT has established a separate trust of funds from member contributions to pay administrative costs and workers compensation coverage. Contributions are based upon formulas applied to payroll expense. At the end of the coverage period, the members will be assessed or refunded any difference between estimated contributions and actual expenses.

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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - 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.

The School District participates in a medical insurance plan negotiated through VEHI. This plan is a high-deductible plan with an HRA (Health Reimbursement Arrangement) funded by the School District. The organization contracted to coordinate the processing of claims on behalf of the School District with HRA funds has not processed all claims through June 30, 2022 and as of the date of this report. Additionally, they were unable to provide management with the outstanding amount to be expensed by the School District through June 30, 2022. Therefore, the amount, if any, of any liabilities arising from the unprocessed claims cannot be determined at this time.

NOTE 19 - 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.

NOTE 20 - RESTATEMENT

In 2022, the School District determined that certain transactions were recorded incorrectly or omitted in the previous year, therefore restatements were required to debt and beginning balances for the general fund, the consolidated federal fund and nonmajor special revenue funds.

The beginning balance of the general fund was restated by \$179,540 due to a restatement of accounts payable from \$3,318,411 to \$3,497,951.

Debt was restated by \$197,596 to include the addition of lease liabilities.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 20 – RESTATEMENT (CONTINUED)

The resulting net restatement to the beginning net position for governmental activities was a decrease of \$18,056 from \$20,653,023 to \$20,634,967.

NOTE 21 - SUBSEQUENT EVENT

On July 1, 2022, the School District issued a municipal line of credit through National Bank of Middlebury in anticipation of taxes to meet its operating obligations for the 2023 fiscal year. The note allows principal draws up to \$3,376,315 at 2.25% fixed interest per annum with a maturity date of June 30, 2023.

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 and Certain Special Revenue and Private Purpose Trust Funds
- 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

ADDISON CENTRAL SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND AND CERTAIN SPECIAL REVENUE AND PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund				Certain Special Revenue and Private Purpose Trust Funds				Total			
	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final			Original	Final			Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 3,497,951	\$ 3,497,951	\$ 3,497,951	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,497,951	\$ 3,497,951	\$ 3,497,951	\$ -
Resources (Inflows):												
Intergovernmental:												
State education spending grant	32,770,107	32,770,107	32,807,616	37,509	-	-	-	-	32,770,107	32,770,107	32,807,616	37,509
Other	3,451,378	3,451,378	3,379,888	(71,490)	2,045,521	3,040,547	2,571,828	(468,719)	5,496,899	6,491,925	5,951,716	(540,209)
Tuition	1,049,582	1,049,582	980,564	(69,018)	-	-	-	-	1,049,582	1,049,582	980,564	(69,018)
Interest income	8,500	8,500	2,918	(5,582)	-	37,590	17,891	(19,699)	8,500	46,090	20,809	(25,281)
Miscellaneous	669,600	669,600	113,601	(555,999)	-	-	-	-	669,600	669,600	113,601	(555,999)
Transfers from other funds	-	-	-	-	358,253	358,253	623,744	265,491	358,253	358,253	623,744	265,491
Total Inflows	37,949,167	37,949,167	37,284,587	(664,580)	2,403,774	3,436,390	3,213,463	(222,927)	40,352,941	41,385,557	40,498,050	(887,507)
Amounts Available for Appropriation	41,447,118	41,447,118	40,782,538	(664,580)	2,403,774	3,436,390	3,213,463	(222,927)	43,850,892	44,883,508	43,996,001	(887,507)
Charges to Appropriations (Outflows):												
Current:												
Regular programs	18,877,388	18,877,388	17,373,615	1,503,773	-	-	-	-	18,877,388	18,877,388	17,373,615	1,503,773
Special education	4,299,943	4,299,943	4,424,571	(124,628)	-	-	-	-	4,299,943	4,299,943	4,424,571	(124,628)
Support services	5,149,005	5,149,005	5,045,820	103,185	-	-	-	-	5,149,005	5,149,005	5,045,820	103,185
Administration	4,733,159	4,733,159	4,302,901	430,258	-	-	-	-	4,733,159	4,733,159	4,302,901	430,258
Operations and maintenance	3,279,779	3,279,779	3,599,028	(319,249)	-	-	-	-	3,279,779	3,279,779	3,599,028	(319,249)
Transportation	1,358,190	1,358,190	1,335,773	22,417	-	-	-	-	1,358,190	1,358,190	1,335,773	22,417
Program expenditures	-	-	-	-	2,403,774	3,436,390	2,698,766	737,624	2,403,774	3,436,390	2,698,766	737,624
Debt service:												
Principal	136,750	136,750	136,750	-	-	-	-	-	136,750	136,750	136,750	-
Interest	39,663	39,663	39,662	1	-	-	-	-	39,663	39,663	39,662	1
Transfers to other funds	75,290	75,290	680,028	(604,738)	-	-	-	-	75,290	75,290	680,028	(604,738)
Total Charges to Appropriations	37,949,167	37,949,167	36,938,148	1,011,019	2,403,774	3,436,390	2,698,766	737,624	40,352,941	41,385,557	39,636,914	1,748,643
Budgetary Fund Balance, June 30	\$ 3,497,951	\$ 3,497,951	\$ 3,844,390	\$ 346,439	\$ -	\$ -	\$ 514,697	\$ 514,697	\$ 3,497,951	\$ 3,497,951	\$ 4,359,087	\$ 861,136

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

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

	2022	2021	2020	2019	2018	2017	2016	2015
<u>VSTRS:</u>								
Proportion of the net pension liability	2.09%	2.12%	2.07%	2.21%	2.15%	1.45%	1.40%	1.16%
Proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Supervisory Union	35,517,912	41,331,598	32,337,545	33,377,749	31,854,797	29,551,094	26,426,982	21,290,752
Total	<u>\$ 35,517,912</u>	<u>\$ 41,331,598</u>	<u>\$ 32,337,545</u>	<u>\$ 33,377,749</u>	<u>\$ 31,854,797</u>	<u>\$ 29,551,094</u>	<u>\$ 26,426,982</u>	<u>\$ 21,290,752</u>
Covered payroll	\$ 15,195,695	\$ 14,471,438	\$ 14,238,021	\$ 14,490,908	\$ 14,811,372	\$ 14,567,815	\$ 13,086,055	\$ 11,101,471
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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	58.83%	50.00%	54.96%	54.81%	53.98%	55.31%	58.22%	64.02%
<u>VMERS:</u>								
Proportion of the net pension liability	0.07%	0.11%	0.13%	0.19%	0.16%	0.17%	0.16%	0.16%
Proportionate share of the net pension liability	\$ 100,693	\$ 197,429	\$ 176,163	\$ 185,452	\$ 231,032	\$ 208,236	\$ 127,341	\$ 15,023
Covered payroll	\$ 338,010	\$ 380,577	\$ 472,892	\$ 577,281	\$ 666,486	\$ 614,795	\$ 572,750	\$ 719,675
Proportionate share of the net pension liability as a percentage of its covered-payroll	29.79%	51.88%	37.25%	32.13%	34.66%	33.87%	22.23%	2.09%
Plan fiduciary net position as a percentage of the total pension liability	89.29%	74.52%	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 auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	2022	2021	2020	2019	2018	2017	2016	2015
<u>VSTRS:</u>								
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 15,559,294	\$ 15,195,695	\$ 14,471,438	\$ 14,238,021	\$ 14,490,908	\$ 14,811,372	\$ 14,567,815	\$ 13,086,055
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>VMERS:</u>								
Contractually required contribution	\$ 14,478	\$ 15,211	\$ 16,175	\$ 19,507	\$ 23,091	\$ 26,660	\$ 24,592	\$ 22,910
Contributions in relation to the contractually required contribution	(14,478)	(15,211)	(16,175)	(19,507)	(23,091)	(26,660)	(24,592)	(22,910)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 304,792	\$ 338,010	\$ 380,577	\$ 472,892	\$ 577,281	\$ 666,486	\$ 614,795	\$ 572,750
Contributions as a percentage of covered-employee payroll	4.75%	4.50%	4.25%	4.13%	4.00%	4.00%	4.00%	4.00%

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

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

	2022	2021	2020	2019	2018
<u>VSTRS OPEB Plan:</u>					
Proportion of the net OPEB liability	2.07%	2.05%	1.98%	2.09%	1.74%
School District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the School District	26,434,436	25,806,360	20,608,979	19,927,945	16,217,031
Total	<u>\$ 26,434,436</u>	<u>\$ 25,806,360</u>	<u>\$ 20,608,979</u>	<u>\$ 19,927,945</u>	<u>\$ 16,217,031</u>
Covered payroll	\$ 15,195,695	\$ 14,471,438	\$ 14,238,021	\$ 14,490,908	\$ -
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.13%	0.69%	0.30%	-2.85%	-2.94%

* 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 auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	2022	2021	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>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 15,559,294	\$ 15,195,695	\$ 14,471,438	\$ 14,238,021	\$ 14,490,908
Contributions as a percentage of covered- payroll	0.00%	0.00%	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 auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

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 the last measurement date.

VSTRS OPEB Plan:

The discount rate was decreased from 2.21% to 2.20%.

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

Future male retirees were assumed to be two years older than their spouses, decreased from three years.

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 Capital Project Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Combining Schedule of Net Position - Private-Purpose Trust Funds
- Combining Schedule of Changes in Net Position - Private-Purpose Trust Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Intergovernmental Revenues:				
State education spending grant	\$ 32,306,118	\$ 32,306,118	\$ 32,306,118	\$ -
Vocational base payment	463,989	463,989	501,498	37,509
Block grant	654,480	654,480	659,057	4,577
SEER	1,986,935	1,986,935	1,801,047	(185,888)
Transportation aid	300,000	300,000	343,667	43,667
Small schools grant	474,113	474,113	474,113	-
Driver education	-	-	9,022	9,022
Forest	20,000	20,000	19,160	(840)
Other	15,850	15,850	73,822	57,972
Tuition:				
Regular education	953,079	953,079	751,027	(202,052)
After school program	2,500	2,500	-	(2,500)
Excess costs for SPED	94,003	94,003	229,537	135,534
Interest income	8,500	8,500	2,918	(5,582)
Miscellaneous:				
Rental:				
Other	9,000	9,000	1,200	(7,800)
Prior year adjustments	615,000	615,000	77,414	(537,586)
Miscellaneous	45,600	45,600	34,987	(10,613)
Amounts Available for Appropriation	<u>\$ 37,949,167</u>	<u>\$ 37,949,167</u>	<u>\$ 37,284,587</u>	<u>\$ (664,580)</u>

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Regular programs -				
MUHS:				
Direct instruction	\$ 4,470,332	\$ 4,470,332	\$ 4,160,593	\$ 309,739
Interdisciplinary	24,728	24,728	15,132	9,596
Band	24,900	24,900	22,221	2,679
Choir	10,200	10,200	9,652	548
English	28,930	28,930	25,205	3,725
Driver education	9,538	9,538	1,542	7,996
Physical education	11,700	11,700	3,465	8,235
Diploma program	66,500	66,500	39,861	26,639
Tech education	13,850	13,850	13,504	346
Math	12,475	12,475	6,444	6,031
Science	42,061	42,061	37,619	4,442
Social studies	8,336	8,336	2,517	5,819
Community service	1,100	1,100	-	1,100
Summer school	24,750	24,750	19,477	5,273
Business education	7,300	7,300	8,514	(1,214)
Living arts/health	7,100	7,100	3,587	3,513
MYP	3,325	3,325	920	2,405
Learning lab	4,620	4,620	36	4,584
Alternative ed	75,000	75,000	65,912	9,088
Vocational	1,189,696	1,189,696	1,186,598	3,098
Athletics	693,416	693,416	743,317	(49,901)
Co-curricular	116,291	116,291	12,162	104,129
MUMS:				
Direct instruction	2,880,488	2,880,488	2,859,483	21,005
Art	4,849	4,849	4,848	1
Band	5,400	5,400	5,355	45
Choir	2,600	2,600	900	1,700
English	6,401	6,401	2,508	3,893
Foreign language	2,400	2,400	1,357	1,043
Physical education	6,251	6,251	5,821	430
Math	4,401	4,401	1,624	2,777
Health education	149	149	80	69
Science	6,400	6,400	4,275	2,125
Social studies	4,400	4,400	3,420	980
Summer school	21,140	21,140	10,949	10,191
Learning lab	6,800	6,800	6,771	29
SPED - local reg ed portion	319,682	319,682	126,978	192,704
Athletics	92,398	92,398	155,758	(63,360)
Co-curricular	49,245	49,245	932	48,313

SCHEDULE B (CONTINUED)

ADDISON CENTRAL SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Regular programs (continued) -				
Cornwall:				
Direct instruction	821,171	821,171	828,334	(7,163)
SPED - local reg ed portion	60,750	60,750	1,133	59,617
Mary Hogan:				
Direct instruction	3,472,692	3,472,692	3,197,012	275,680
Pre-K program	143,911	143,911	-	143,911
SPED - local reg ed portion	145,250	145,250	84,109	61,141
Bridport:				
Direct instruction	527,344	527,344	533,174	(5,830)
Pre-K program	99,658	99,658	103,847	(4,189)
SPED - local reg ed portion	5,900	5,900	492	5,408
Weybridge:				
Direct instruction	397,316	397,316	390,942	6,374
SPED - local reg ed portion	1,600	1,600	26,654	(25,054)
Shoreham:				
Direct instruction	725,624	725,624	849,356	(123,732)
SPED - local reg ed portion	3,225	3,225	5,253	(2,028)
Salisbury:				
Direct instruction	763,831	763,831	606,239	157,592
Pre-K program	-	-	52,715	(52,715)
SPED - local reg ed portion	64,741	64,741	2,134	62,607
Ripton:				
Direct instruction	484,267	484,267	452,619	31,648
SPED - local reg ed portion	4,100	4,100	950	3,150
Athletics	17,379	17,379	1,833	15,546
ELL - district-wide	206,149	206,149	216,723	(10,574)
Shared personnel - district-wide	150,000	150,000	61,041	88,959
Universal pre-k - district-wide	523,328	523,328	389,718	133,610
	<u>18,877,388</u>	<u>18,877,388</u>	<u>17,373,615</u>	<u>1,503,773</u>
Support services -				
MUHS:				
Guidance	720,651	720,651	632,703	87,948
School to career	800	800	-	800
Prevention	13,400	13,400	8,028	5,372
Health	159,311	159,311	160,624	(1,313)
Media	180,479	180,479	179,378	1,101
Technology	95,401	95,401	89,888	5,513
Occupational therapy	8,590	8,590	-	8,590
Physical therapy	4,000	4,000	-	4,000
MUMS:				
Guidance	407,361	407,361	383,828	23,533
Health	106,163	106,163	135,597	(29,434)
Occupational therapy	5,000	5,000	3,242	1,758
Physical therapy	2,000	2,000	-	2,000
Other support services	45,500	45,500	49,230	(3,730)
Technology	6,878	6,878	4,145	2,733
Media	76,536	76,536	75,469	1,067

SCHEDULE B (CONTINUED)
ADDISON CENTRAL SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Support services (continued) -				
Cornwall:				
Support services - reg ed	9,635	9,635	14,368	(4,733)
Guidance	20,502	20,502	18,429	2,073
Health	29,658	29,658	33,148	(3,490)
Media	59,250	59,250	46,199	13,051
Mary Hogan:				
Support services - reg ed	221,200	221,200	507,925	(286,725)
Guidance	433,792	433,792	178,401	255,391
Health	76,244	76,244	74,214	2,030
Media	140,236	140,236	139,438	798
Bridport:				
Support services - reg ed	6,600	6,600	5,783	817
Guidance	117,928	117,928	83,600	34,328
Health	20,410	20,410	20,120	290
Media	28,926	28,926	29,661	(735)
Weybridge:				
Support services - reg ed	1,500	1,500	3,088	(1,588)
Guidance	20,960	20,960	20,854	106
Health	10,206	10,206	10,060	146
Media	52,116	52,116	48,313	3,803
Shoreham:				
Support services - reg ed	5,450	5,450	3,844	1,606
Guidance	25,867	25,867	27,061	(1,194)
Health	20,410	20,410	21,624	(1,214)
Media	27,942	27,942	28,388	(446)
Salisbury:				
Support services - reg ed	3,900	3,900	1,783	2,117
Guidance	69,942	69,942	36,458	33,484
Health	29,658	29,658	33,148	(3,490)
Media	61,084	61,084	58,867	2,217
Ripton:				
Support services - reg ed	6,500	6,500	2,095	4,405
Guidance	20,502	20,502	18,429	2,073
Health	14,829	14,829	16,573	(1,744)
Media	39,675	39,675	30,790	8,885
Professional development - district-wide	475,467	475,467	303,275	172,192
Curriculum - district-wide	128,510	128,510	225,378	(96,868)
Safety - district-wide	-	-	81,500	(81,500)
Technology department - district-wide	1,138,036	1,138,036	1,200,874	(62,838)
	5,149,005	5,149,005	5,045,820	103,185

SCHEDULE B (CONTINUED)
ADDISON CENTRAL SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Administration -				
Central office - district-wide	1,710,361	1,710,361	1,397,111	313,250
Board of education - district-wide	467,662	467,662	456,790	10,872
MUHS	657,601	657,601	580,187	77,414
MUMS	474,124	474,124	531,159	(57,035)
Cornwall	163,705	163,705	167,023	(3,318)
Mary Hogan	388,736	388,736	390,171	(1,435)
Bridport	191,371	191,371	185,155	6,216
Weybridge	193,939	193,939	117,601	76,338
Shoreham	174,028	174,028	182,048	(8,020)
Salisbury	192,991	192,991	191,745	1,246
Ripton	118,641	118,641	103,911	14,730
	<u>4,733,159</u>	<u>4,733,159</u>	<u>4,302,901</u>	<u>430,258</u>
Operations and maintenance -				
Facilities department - district-wide	453,719	453,719	595,732	(142,013)
MUHS	1,135,512	1,135,512	1,163,434	(27,922)
MUMS	517,794	517,794	469,198	48,596
Cornwall	94,925	94,925	110,295	(15,370)
Mary Hogan	564,453	564,453	611,954	(47,501)
Bridport	89,101	89,101	120,311	(31,210)
Weybridge	82,530	82,530	75,245	7,285
Shoreham	106,290	106,290	141,453	(35,163)
Salisbury	161,076	161,076	256,676	(95,600)
Ripton	74,379	74,379	54,730	19,649
	<u>3,279,779</u>	<u>3,279,779</u>	<u>3,599,028</u>	<u>(319,249)</u>
Transportation -				
District-wide	1,110,595	1,110,595	1,083,809	26,786
MUHS	112,400	112,400	132,789	(20,389)
MUMS	87,500	87,500	66,733	20,767
Cornwall	12,000	12,000	-	12,000
Mary Hogan	19,000	19,000	52,442	(33,442)
Bridport	3,000	3,000	-	3,000
Shoreham	11,895	11,895	-	11,895
Salisbury	1,500	1,500	-	1,500
Ripton	300	300	-	300
	<u>1,358,190</u>	<u>1,358,190</u>	<u>1,335,773</u>	<u>22,417</u>

SCHEDULE B (CONTINUED)
ADDISON CENTRAL SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Special education	4,299,943	4,299,943	4,424,571	(124,628)
Debt service -				
Principal - MUHS	24,400	24,400	24,400	-
Interest - MUHS	4,230	4,230	4,230	-
Principal - MUMS	65,600	65,600	65,600	-
Interest - MUMS	23,260	23,260	23,260	-
Principal - Bridport	35,000	35,000	35,000	-
Interest - Bridport	6,233	6,233	6,232	1
Principal - Ripton	11,750	11,750	11,750	-
Interest - Ripton	5,940	5,940	5,940	-
	176,413	176,413	176,412	1
Transfers to other funds -				
Special revenue funds:				
Food service - Cornwall	13,500	13,500	10,092	3,408
Food service - Mary Hogan	5,000	5,000	3,738	1,262
Food service - Bridport	15,000	15,000	11,213	3,787
Food service - Weybridge	18,540	18,540	13,860	4,680
Food service - Shoreham	11,250	11,250	8,410	2,840
Food service - Salisbury	4,500	4,500	3,364	1,136
Food service - Ripton	7,500	7,500	5,607	1,893
Capital reserve fund	-	-	623,744	(623,744)
	75,290	75,290	680,028	(604,738)
TOTAL DEPARTMENTAL OPERATIONS	\$ 37,949,167	\$ 37,949,167	\$ 36,938,148	\$ 1,011,019

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 355,257	\$ -	\$ 3,146	\$ 358,403
Investments	-	-	2,445	2,445
Accounts receivable (net of uncollectible allowance)	256,600	-	-	256,600
Due from other governments	579,739	-	-	579,739
Inventory	21,035	-	-	21,035
Due from other funds	2,597,502	578,707	-	3,176,209
TOTAL ASSETS	<u>\$ 3,810,133</u>	<u>\$ 578,707</u>	<u>\$ 5,591</u>	<u>\$ 4,394,431</u>
LIABILITIES				
Accounts payable	\$ 48,236	\$ -	\$ -	\$ 48,236
Accrued expenses	120,181	-	-	120,181
Due to other funds	723,208	-	-	723,208
TOTAL LIABILITIES	<u>891,625</u>	<u>-</u>	<u>-</u>	<u>891,625</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	31,549	-	-	31,549
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>31,549</u>	<u>-</u>	<u>-</u>	<u>31,549</u>
FUND BALANCES				
Nonspendable	21,035	-	-	21,035
Restricted	2,916,562	-	5,591	2,922,153
Committed	-	578,707	-	578,707
Assigned	-	-	-	-
Unassigned	(50,638)	-	-	(50,638)
TOTAL FUND BALANCES	<u>2,886,959</u>	<u>578,707</u>	<u>5,591</u>	<u>3,471,257</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,810,133</u>	<u>\$ 578,707</u>	<u>\$ 5,591</u>	<u>\$ 4,394,431</u>

See accompanying independent auditor's report and notes to financial statements.

SCHEDULE D

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 3,416,523	\$ -	\$ -	\$ 3,416,523
Charges for services	9,746	-	-	9,746
Investment income	-	-	7	7
Other income	262,011	-	-	262,011
TOTAL REVENUES	<u>3,688,280</u>	<u>-</u>	<u>7</u>	<u>3,688,287</u>
EXPENDITURES				
Other	3,686,081	-	-	3,686,081
Capital outlay	-	56,100	-	56,100
TOTAL EXPENDITURES	<u>3,686,081</u>	<u>56,100</u>	<u>-</u>	<u>3,742,181</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,199</u>	<u>(56,100)</u>	<u>7</u>	<u>(53,894)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	341,359	623,744	-	965,103
Transfers (out)	(312,098)	-	-	(312,098)
TOTAL OTHER FINANCING SOURCES (USES)	<u>29,261</u>	<u>623,744</u>	<u>-</u>	<u>653,005</u>
NET CHANGE IN FUND BALANCES	31,460	567,644	7	599,111
FUND BALANCES - JULY 1	<u>2,855,499</u>	<u>11,063</u>	<u>5,584</u>	<u>2,872,146</u>
FUND BALANCES - JUNE 30	<u>\$ 2,886,959</u>	<u>\$ 578,707</u>	<u>\$ 5,591</u>	<u>\$ 3,471,257</u>

See accompanying independent auditor's 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.

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Foodservice Equipment	Merger Study Committee	Misc State Grants	IDEA-B	IDEA-B Preschool	Title I	Title IV	Title IIA
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of uncollectible allowance)	2,100	-	-	-	-	-	-	-
Due from other governments	-	-	-	68,802	5,489	194,218	33,359	116,368
Inventory	-	-	-	-	-	-	-	-
Due from other funds	-	2,536	14,298	-	-	-	-	-
TOTAL ASSETS	\$ 2,100	\$ 2,536	\$ 14,298	\$ 68,802	\$ 5,489	\$ 194,218	\$ 33,359	\$ 116,368
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	27,606	1,525	16,494	5,704	12,933
Due to other funds	2,100	-	-	41,196	3,964	177,724	27,640	103,473
TOTAL LIABILITIES	2,100	-	-	68,802	5,489	194,218	33,344	116,406
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	-	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	2,536	14,298	-	-	-	15	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(38)
TOTAL FUND BALANCES (DEFICITS)	-	2,536	14,298	-	-	-	15	(38)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 2,100	\$ 2,536	\$ 14,298	\$ 68,802	\$ 5,489	\$ 194,218	\$ 33,359	\$ 116,368

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Food Service Equipment Grant	FFVP Grant	ESSER I Grant	ESSER II Grant	ARP IDEA Grant	ARP IDEA PRE K Grant	EPSDT
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of uncollectible allowance)	-	3,425	141,709	98,879	5,793	1,609	-
Due from other governments	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Due from other funds	-	1,387	-	-	-	-	9,404
TOTAL ASSETS	\$ -	\$ 4,812	\$ 141,709	\$ 98,879	\$ 5,793	\$ 1,609	\$ 9,404
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 26,681	\$ 21,555	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	3,479	-	115,028	77,324	5,793	1,609	-
TOTAL LIABILITIES	3,479	-	141,709	98,879	5,793	1,609	-
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	135	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	135	-	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	4,677	-	-	-	-	9,404
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	(3,479)	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	(3,479)	4,677	-	-	-	-	9,404
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ -	\$ 4,812	\$ 141,709	\$ 98,879	\$ 5,793	\$ 1,609	\$ 9,404

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Local Standards Board	School-wide Programs	Misc. Grants - MUMS	Misc. Grants - Ripton	Ripton Library Fund	VT STARS Award	Misc. Grants - Cornwall
ASSETS							
Cash and cash equivalents	\$ 238	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of uncollectible allowance)	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Due from other funds	-	24,836	19,023	2,985	482	5,510	6,670
TOTAL ASSETS	\$ 238	\$ 24,836	\$ 19,023	\$ 2,985	\$ 482	\$ 5,510	\$ 6,670
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	24,836	-	-	-	-	-
Due to other funds	238	-	-	-	-	-	-
TOTAL LIABILITIES	238	24,836	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	19,023	2,985	482	5,510	6,670
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	-	-	19,023	2,985	482	5,510	6,670
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 238	\$ 24,836	\$ 19,023	\$ 2,985	\$ 482	\$ 5,510	\$ 6,670

SCHEDULE E (CONTINUED)

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Misc. Grants - Mary Hogan	Gilligan Grant	Misc. Grants - MUHS	Misc. Grants - ACSD	Misc. Grants - Salisbury	Misc. Grants - Bridport	Community Foundation ACEEF
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of uncollectible allowance)	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Due from other funds	3,912	36,650	-	3,566	11,750	2,508	29,292
TOTAL ASSETS	<u>\$ 3,912</u>	<u>\$ 36,650</u>	<u>\$ -</u>	<u>\$ 3,566</u>	<u>\$ 11,750</u>	<u>\$ 2,508</u>	<u>\$ 29,292</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	-	-	26,051	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>26,051</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>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	3,912	36,650	-	3,566	11,750	2,508	29,292
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	(26,051)	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>3,912</u>	<u>36,650</u>	<u>(26,051)</u>	<u>3,566</u>	<u>11,750</u>	<u>2,508</u>	<u>29,292</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 3,912</u>	<u>\$ 36,650</u>	<u>\$ -</u>	<u>\$ 3,566</u>	<u>\$ 11,750</u>	<u>\$ 2,508</u>	<u>\$ 29,292</u>

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	VEHI Pathpoints	Rowland Foundation	Family Emergency Fund Weybridge	Cornwall Playground Fund	Bridport Playground Fund	Food Service Program	Food Service Mary Hogan
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of uncollectible allowance)	-	-	-	-	-	3,085	-
Due from other governments	-	-	-	-	-	161,503	-
Inventory	-	-	-	-	-	21,035	-
Due from other funds	18,386	8,456	1,681	2,850	-	-	-
TOTAL ASSETS	\$ 18,386	\$ 8,456	\$ 1,681	\$ 2,850	\$ -	\$ 185,623	\$ -
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	31,083	-
Due to other funds	-	-	-	-	-	121,205	-
TOTAL LIABILITIES	-	-	-	-	-	152,288	-
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	-	-	-	-	31,414	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	31,414	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	21,035	-
Restricted	18,386	8,456	1,681	2,850	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(19,114)	-
TOTAL FUND BALANCES (DEFICITS)	18,386	8,456	1,681	2,850	-	1,921	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 18,386	\$ 8,456	\$ 1,681	\$ 2,850	\$ -	\$ 185,623	\$ -

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Afterschool Program - Salisbury	Brown Bequest	Misc. Grants - Shoreham	Mary Hogan Playground	Health Care Reserve	Educaton Reserve
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of uncollectible allowance)	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Due from other funds	52,076	5,152	330	500	200,000	2,133,262
TOTAL ASSETS	<u>\$ 52,076</u>	<u>\$ 5,152</u>	<u>\$ 330</u>	<u>\$ 500</u>	<u>\$ 200,000</u>	<u>\$ 2,133,262</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<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>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	52,076	5,152	330	500	200,000	2,133,262
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>52,076</u>	<u>5,152</u>	<u>330</u>	<u>500</u>	<u>200,000</u>	<u>2,133,262</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 52,076</u>	<u>\$ 5,152</u>	<u>\$ 330</u>	<u>\$ 500</u>	<u>\$ 200,000</u>	<u>\$ 2,133,262</u>

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Bridport Enrichment	Cornwall Student Activities	MUHS Athletics	MUHS Project Graduation	MUHS Student Activities	MUHS Athletics
ASSETS						
Cash and cash equivalents	\$ 15,855	\$ 10,924	\$ 5,607	\$ -	\$ 204,014	\$ -
Accounts receivable (net of uncollectible allowance)	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	\$ 15,855	\$ 10,924	\$ 5,607	\$ -	\$ 204,014	\$ -
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	1,956
TOTAL LIABILITIES	-	-	-	-	-	1,956
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	15,855	10,924	5,607	-	204,014	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(1,956)
TOTAL FUND BALANCES (DEFICITS)	15,855	10,924	5,607	-	204,014	(1,956)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 15,855	\$ 10,924	\$ 5,607	\$ -	\$ 204,014	\$ -

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	MUMS Student Activities	Salisbury Student Activities	Shoreham Student Activities	Weybridge Library	Weybridge Parents Club	Mary Hogan MESA	Total
ASSETS							
Cash and cash equivalents	\$ 14,860	\$ 5,139	\$ 18,890	\$ 46,683	\$ 6,535	\$ 26,512	\$ 355,257
Accounts receivable (net of uncollectible allowance)	-	-	-	-	-	-	256,600
Due from other governments	-	-	-	-	-	-	579,739
Inventory	-	-	-	-	-	-	21,035
Due from other funds	-	-	-	-	-	-	2,597,502
TOTAL ASSETS	\$ 14,860	\$ 5,139	\$ 18,890	\$ 46,683	\$ 6,535	\$ 26,512	\$ 3,810,133
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	48,236
Accrued expenses	-	-	-	-	-	-	120,181
Due to other funds	-	-	-	14,428	-	-	723,208
TOTAL LIABILITIES	-	-	-	14,428	-	-	891,625
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	-	-	-	-	-	31,549
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	31,549
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	21,035
Restricted	14,860	5,139	18,890	32,255	6,535	26,512	2,916,562
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(50,638)
TOTAL FUND BALANCES (DEFICITS)	14,860	5,139	18,890	32,255	6,535	26,512	2,886,959
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 14,860	\$ 5,139	\$ 18,890	\$ 46,683	\$ 6,535	\$ 26,512	\$ 3,810,133

See accompanying independent auditor's report and notes to financial statements.

SCHEDULE F

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Foodservice Equipment	Merger Study Committee	Misc State Grants	IDEA-B	IDEA-B Preschool	Title I	Title IV	Title IIA
REVENUES								
Intergovernmental	\$ 2,100	\$ -	\$ 15,000	\$ 534,582	\$ 20,001	\$ 528,762	\$ 85,495	\$ 164,526
Charges for services	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-
TOTAL REVENUES	<u>2,100</u>	<u>-</u>	<u>15,000</u>	<u>534,582</u>	<u>20,001</u>	<u>528,762</u>	<u>85,495</u>	<u>164,526</u>
EXPENDITURES								
Other	<u>2,100</u>	<u>-</u>	<u>702</u>	<u>534,582</u>	<u>20,001</u>	<u>263,479</u>	<u>84,104</u>	<u>119,100</u>
TOTAL EXPENDITURES	<u>2,100</u>	<u>-</u>	<u>702</u>	<u>534,582</u>	<u>20,001</u>	<u>263,479</u>	<u>84,104</u>	<u>119,100</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>14,298</u>	<u>-</u>	<u>-</u>	<u>265,283</u>	<u>1,391</u>	<u>45,426</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	(265,283)	(1,390)	(45,425)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(265,283)</u>	<u>(1,390)</u>	<u>(45,425)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	14,298	-	-	-	1	1
FUND BALANCES (DEFICITS) - JULY 1	-	2,536	-	-	-	-	14	(39)
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ 2,536</u>	<u>\$ 14,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ (38)</u>

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Food Service Equipment Grant	FFVP Grant	ESSER I Grant	ESSER II Grant	ARP IDEA Grant	ARP IDEA Pre K Grant	EPSDT
REVENUES							
Intergovernmental	\$ -	\$ 5,020	\$ 395,455	\$ 550,726	\$ 5,793	\$ 1,609	\$ 23,726
Charges for services	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	-	5,020	395,455	550,726	5,793	1,609	23,726
EXPENDITURES							
Other	-	5,020	395,455	550,726	5,793	1,609	22,782
TOTAL EXPENDITURES	-	5,020	395,455	550,726	5,793	1,609	22,782
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-	944
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	-	-	944
FUND BALANCES (DEFICITS) - JULY 1	(3,479)	4,677	-	-	-	0.00	8,460
FUND BALANCES (DEFICITS) - JUNE 30	\$ (3,479)	\$ 4,677	\$ -	\$ -	\$ -	\$ -	\$ 9,404

SCHEDULE F (CONTINUED)

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Local Standards Board	School-wide Programs	Misc. Grants - MUMS	Misc. Grants - Ripton	Ripton Library Fund	VT STARS Award	Misc. Grants - Cornwall
REVENUES							
Intergovernmental	\$ 819	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Charges for services	-	-	-	-	-	-	-
Other income	-	-	19,997	123	107	-	-
TOTAL REVENUES	819	-	19,997	123	107	-	5,000
EXPENDITURES							
Other	819	285,075	1,457	70	-	-	1,875
TOTAL EXPENDITURES	819	285,075	1,457	70	-	-	1,875
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(285,075)	18,540	53	107	-	3,125
OTHER FINANCING SOURCES (USES)							
Transfers in	-	285,075	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	285,075	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	18,540	53	107	-	3,125
FUND BALANCES (DEFICITS) - JULY 1	-	-	483	2,932	375	5,510	3,545
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ -	\$ 19,023	\$ 2,985	\$ 482	\$ 5,510	\$ 6,670

SCHEDULE F (CONTINUED)

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Misc. Grants - Mary Hogan	Gilligan Grant	Misc. Grants - MUHS	Misc. Grants - ACSD	Misc. Grants - Salisbury	Misc. Grants - Bridport	Community Foundation ACEEF
REVENUES							
Intergovernmental	\$ 1,850	\$ -	\$ 8,995	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	14,462	-	8,000	-	1,000	12,498
TOTAL REVENUES	<u>1,850</u>	<u>14,462</u>	<u>8,995</u>	<u>8,000</u>	<u>-</u>	<u>1,000</u>	<u>12,498</u>
EXPENDITURES							
Other	<u>1,500</u>	<u>5,503</u>	<u>6,429</u>	<u>8,000</u>	<u>-</u>	<u>173</u>	<u>14,569</u>
TOTAL EXPENDITURES	<u>1,500</u>	<u>5,503</u>	<u>6,429</u>	<u>8,000</u>	<u>-</u>	<u>173</u>	<u>14,569</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>350</u>	<u>8,959</u>	<u>2,566</u>	<u>-</u>	<u>-</u>	<u>827</u>	<u>(2,071)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	350	8,959	2,566	-	-	827	(2,071)
FUND BALANCES (DEFICITS) - JULY 1	<u>3,562</u>	<u>27,691</u>	<u>(28,617)</u>	<u>3,566</u>	<u>11,750</u>	<u>1,681</u>	<u>31,363</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 3,912</u>	<u>\$ 36,650</u>	<u>\$ (26,051)</u>	<u>\$ 3,566</u>	<u>\$ 11,750</u>	<u>\$ 2,508</u>	<u>\$ 29,292</u>

SCHEDULE F (CONTINUED)

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	VEHI Pathpoints	Rowland Foundation	Family Emergency Fund Weybridge	Cornwall Playground Fund	Bridport Playground Fund	Food Service Program
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 3,000	\$ -	\$ 194	\$ 1,063,870
Charges for services	-	-	-	-	-	9,746
Other income	6,131	-	-	-	-	4,247
TOTAL REVENUES	6,131	-	3,000	-	194	1,077,863
EXPENDITURES						
Other	-	-	1,319	-	4,650	1,134,147
TOTAL EXPENDITURES	-	-	1,319	-	4,650	1,134,147
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,131	-	1,681	-	(4,456)	(56,284)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	56,284
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	56,284
NET CHANGE IN FUND BALANCES (DEFICITS)	6,131	-	1,681	-	(4,456)	-
FUND BALANCES (DEFICITS) - JULY 1	12,255	8,456	-	2,850	4,456	1,921
FUND BALANCES (DEFICITS) - JUNE 30	\$ 18,386	\$ 8,456	\$ 1,681	\$ 2,850	\$ -	\$ 1,921

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Afterschool Program - Salisbury	Brown Bequest	Misc. Grants - Shoreham	Mary Hogan Playground	Health Care Reserve	Educaton Reserve
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
Other	-	273	170	-	-	-
TOTAL EXPENDITURES	-	273	170	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(273)	(170)	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(273)	(170)	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	52,076	5,425	500	500	200,000	2,133,262
FUND BALANCES (DEFICITS) - JUNE 30	\$ 52,076	\$ 5,152	\$ 330	\$ 500	\$ 200,000	\$ 2,133,262

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Bridport Enrichment	Cornwall Student Activities	MUHS Athletics	MUHS Project Graduation	MUHS Student Activities	MUHS Athletics
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	2,747	3,451	16,877	-	117,573	12,000
TOTAL REVENUES	2,747	3,451	16,877	-	117,573	12,000
EXPENDITURES						
Other	2,773	2,666	30,708	3,313	104,276	15,008
TOTAL EXPENDITURES	2,773	2,666	30,708	3,313	104,276	15,008
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(26)	785	(13,831)	(3,313)	13,297	(3,008)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(26)	785	(13,831)	(3,313)	13,297	(3,008)
FUND BALANCES (DEFICITS) - JULY 1	15,881	10,139	19,438	3,313	190,717	1,052
FUND BALANCES (DEFICITS) - JUNE 30	\$ 15,855	\$ 10,924	\$ 5,607	\$ -	\$ 204,014	\$ (1,956)

SCHEDULE F (CONTINUED)

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	MUMS Student Activities	Salisbury Student Activities	Shoreham Student Activities	Weybridge Library	Weybridge Parents Club	Mary Hogan MESA	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,416,523
Charges for services	-	-	-	-	-	-	9,746
Other income	5,978	2,598	10,019	54	10,228	13,921	262,011
TOTAL REVENUES	5,978	2,598	10,019	54	10,228	13,921	3,688,280
EXPENDITURES							
Other	9,583	2,012	10,551	14,482	7,333	11,894	3,686,081
TOTAL EXPENDITURES	9,583	2,012	10,551	14,482	7,333	11,894	3,686,081
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,605)	586	(532)	(14,428)	2,895	2,027	2,199
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	341,359
Transfers (out)	-	-	-	-	-	-	(312,098)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	29,261
NET CHANGE IN FUND BALANCES (DEFICITS)	(3,605)	586	(532)	(14,428)	2,895	2,027	31,460
FUND BALANCES (DEFICITS) - JULY 1	18,465	4,553	19,422	46,683	3,640	24,485	2,855,499
FUND BALANCES (DEFICITS) - JUNE 30	\$ 14,860	\$ 5,139	\$ 18,890	\$ 32,255	\$ 6,535	\$ 26,512	\$ 2,886,959

See accompanying independent auditor's report and notes to financial statements.

Capital Project Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2022

	Capital Improvement Reserve	Total
ASSETS		
Due from other funds	\$ 578,707	\$ 578,707
TOTAL ASSETS	<u>\$ 578,707</u>	<u>\$ 578,707</u>
LIABILITIES		
Accounts payable	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	-	-
Committed	578,707	578,707
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>578,707</u>	<u>578,707</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 578,707</u>	<u>\$ 578,707</u>

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Capital Improvement Reserve	Total
REVENUES		
Intergovernmental	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>
EXPENDITURES		
Capital outlay	56,100	56,100
TOTAL EXPENDITURES	<u>56,100</u>	<u>56,100</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(56,100)</u>	<u>(56,100)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	623,744	623,744
Transfers (out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>623,744</u>	<u>623,744</u>
NET CHANGE IN FUND BALANCES	567,644	567,644
FUND BALANCES - JULY 1	<u>11,063</u>	<u>11,063</u>
FUND BALANCES - JUNE 30	<u>\$ 578,707</u>	<u>\$ 578,707</u>

See accompanying independent auditor's report and notes to financial statements.

Permanent Funds

Permanent funds are used to account for assets held by the 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.

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Weeks Scholarship	Gilman Fund	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 3,146	\$ 3,146
Investments	2,445	-	2,445
TOTAL ASSETS	<u>\$ 2,445</u>	<u>\$ 3,146</u>	<u>\$ 5,591</u>
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	2,445	3,146	5,591
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>2,445</u>	<u>3,146</u>	<u>5,591</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,445</u>	<u>\$ 3,146</u>	<u>\$ 5,591</u>

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Weeks Scholarship</u>	<u>Gilman Fund</u>	<u>Total</u>
REVENUES			
Interest income	\$ 7	\$ -	\$ 7
TOTAL REVENUES	<u>7</u>	<u>-</u>	<u>7</u>
EXPENDITURES			
Other	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	7	-	7
FUND BALANCES - JULY 1	<u>2,438</u>	<u>3,146</u>	<u>5,584</u>
FUND BALANCES - JUNE 30	<u>\$ 2,445</u>	<u>\$ 3,146</u>	<u>\$ 5,591</u>
	<u> </u>	<u> </u>	

See accompanying independent auditor's report and notes to financial statements.

Private-Purpose Trust Funds

Private-purpose trust funds are used to account for assets held by the School District that are legally restricted for purposes that benefit parties outside of the School District.

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING SCHEDULE OF NET POSITION - PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2022

	McGilton Mary Hogan School	D. Murchie Scholarship	Fred Powell Math Award	E. Rogers Scholarship	WJ Rogers Scholarship	Total
ASSETS						
Cash and cash equivalents	\$ 72,657	\$ 532	\$ -	\$ -	\$ -	\$ 73,189
Investments	792,798	-	6,392	438,842	438,841	1,676,873
TOTAL ASSETS	<u>\$ 865,455</u>	<u>\$ 532</u>	<u>\$ 6,392</u>	<u>\$ 438,842</u>	<u>\$ 438,841</u>	<u>\$ 1,750,062</u>
LIABILITIES						
Due to other funds	\$ 9,010	\$ 532	\$ -	\$ -	\$ -	\$ 9,542
TOTAL LIABILITIES	<u>9,010</u>	<u>532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,542</u>
NETP POSITION						
Restricted	856,445	-	6,392	438,842	438,841	1,740,520
TOTAL NET POSITION	<u>856,445</u>	<u>-</u>	<u>6,392</u>	<u>438,842</u>	<u>438,841</u>	<u>1,740,520</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 865,455</u>	<u>\$ 532</u>	<u>\$ 6,392</u>	<u>\$ 438,842</u>	<u>\$ 438,841</u>	<u>\$ 1,750,062</u>

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING SCHEDULE OF CHANGES IN NET POSITION - PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	McGilton Mary Hogan School	D. Murchie Scholarship	Fred Powell Math Award	E. Rogers Scholarship	WJ Rogers Scholarship	Total
ADDITIONS						
Interest income	\$ 17,891	\$ -	\$ 57	\$ 1,460	\$ 1,460	\$ 20,868
TOTAL ADDITIONS	<u>17,891</u>	<u>-</u>	<u>57</u>	<u>1,460</u>	<u>1,460</u>	<u>20,868</u>
DEDUCTIONS						
Distributions	168,327	-	-	-	-	168,327
TOTAL DEDUCTIONS	<u>168,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,327</u>
NET CHANGE IN NET POSITION	(150,436)	-	57	1,460	1,460	(147,459)
NET POSITION - JULY 1	<u>1,006,881</u>	<u>-</u>	<u>6,335</u>	<u>437,382</u>	<u>437,381</u>	<u>1,887,979</u>
NET POSITION - JUNE 30	<u>\$ 856,445</u>	<u>\$ -</u>	<u>\$ 6,392</u>	<u>\$ 438,842</u>	<u>\$ 438,841</u>	<u>\$ 1,740,520</u>

See accompanying independent auditor's 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.

ADDISON CENTRAL SCHOOL DISTRICT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2022

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Direct services	\$ -	\$ 19,164,619	\$ 1,733,168	\$ -	\$ 20,897,787
Operations and maintenance	-	8,808,441	643,064	593,802	10,045,307
Support services - fiscal	-	40,101	103,961	-	144,062
Support services - general admin.	-	784,271	314,312	-	1,098,583
Support services - staff	-	852,582	726,943	-	1,579,525
Support services - students	-	2,687,614	200,554	-	2,888,168
Transportation	-	53,590	56,290	-	109,880
Food service	-	-	349,465	-	349,465
Total General Capital Assets	-	32,391,218	4,127,757	593,802	37,112,777
Less: Accumulated Depreciation	-	(18,670,606)	(2,952,392)	(334,076)	(21,957,074)
Net General Capital Assets	\$ -	\$ 13,720,612	\$ 1,175,365	\$ 259,726	\$ 15,155,703

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2022

	General Capital Assets 7/1/21	Additions	Deletions	General Capital Assets 6/30/22
Direct services	\$ 20,883,371	\$ 14,416	\$ -	\$ 20,897,787
Operations and maintenance	9,686,117	359,190	-	10,045,307
Support services - fiscal	144,062	-	-	144,062
Support services - general admin.	1,078,692	19,891	-	1,098,583
Support services - staff	1,514,612	64,913	-	1,579,525
Support services - students	2,800,400	87,768	-	2,888,168
Transportation	109,880	-	-	109,880
Food service	349,465	-	-	349,465
Total General Capital Assets	36,566,599	546,178	-	37,112,777
Less: Accumulated Depreciation	(21,046,883)	(910,191)	-	(21,957,074)
Net General Capital Assets	<u>\$ 15,519,716</u>	<u>\$ (364,013)</u>	<u>\$ -</u>	<u>\$ 15,155,703</u>

See accompanying independent auditor's report and notes to financial statements.

Federal Compliance

Federal compliance includes financial information and reports that are required in accordance with Government Auditing Standards and/or the Uniform Guidance in accordance with 2 CFR § 515. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditor's Report on Compliance or Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

ADDISON CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal AL Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed-through State of Vermont - Agency of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	4461U0552200	\$ -	\$ 925,191
National School Lunch Program	10.555	4462U0552200	-	32,228
Summer Food Service Program for Children	10.559	4455U0552101	-	89,652
Fresh Fruit and Vegetable	10.582	4449U0552200	-	5,020
Subtotal Child Nutrition Cluster			-	1,052,091
State Pandemic Electronic Benefit Transfer (P-EBT)				
Administrative Cost Grants	10.649	4601U0552201	-	3,063
Total U.S. Department of Agriculture			-	1,055,154
Federal Communications Commission				
Passed-through State of Vermont - Agency of Education:				
Emergency Connectivity Fund Program	32.009	44793	-	73,822
Total Federal Communications Commission			-	73,822
U.S. Department of Education				
Passed-through State of Vermont - Agency of Education:				
Title IA Grants to Local Educational Agencies	84.010A	4250U0552201	-	528,762
Special Education Cluster (IDEA):				
Special Education-Grants to Stated (IDEA, Part B)	84.027A	4226U0552201	-	534,582
Special Education-Grants to Stated (IDEA, Part B) ARP	84.027X	4605U0552201	-	5,793
Special Education-Grants to Stated (IDEA, Preschool)	84.173A	4228U0552201	-	20,001
Special Education-Grants to Stated (IDEA, Preschool) ARP	84.173X	4606U0552201	-	1,609
Subtotal Special Education Cluster (IDEA)			-	561,985
Supporting Effective Instruction State Grants	84.367A	4651U0552201	-	164,526
Student Support and Academic Enrichment Program	84.424A	4570U0552201	-	85,495
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	4590U0552101	-	395,456
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	4597U0552101	-	550,726
			-	946,182
Total U.S. Department of Education			-	2,286,950
U.S. Department of Health and Human Services				
Passed-through State of Vermont - Agency of Education:				
Immunization Cooperative Agreements	93.268	4601U0552201	-	9,623
Total U.S. Department of Health and Human Services			-	9,623
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 3,425,549

See accompanying independent auditor's report and notes to financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Addison Central School District under programs of the federal government for the year ended June 30, 2022. 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 Addison Central School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the Addison Central 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 Addison Central School District does not use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

3. Noncash Awards

The Addison Central 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.



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

Board of Directors
Addison Central School District
Middlebury, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Addison Central School District as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Addison Central School District's basic financial statements and have issued our report thereon dated March 21, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Addison Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Addison Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Addison Central School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Addison Central 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*. We noted certain other matters that we reported to management of the Addison Central School District in a separate letter dated February 16, 2023.

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.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
March 21, 2023



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Addison Central School District
Middlebury, Vermont

Report on Compliance for Each Major Federal Program

We have audited Addison Central 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 Addison Central School District's major federal programs for the year ended June 30, 2022. Addison Central 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 each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Addison Central School District's major federal programs based on our audit of the type 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). 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 Addison Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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 on Addison Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Addison Central School District, complied in all material respects, with the type 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, 2022.

Report on Internal Control Over Compliance

Management of Addison Central School District is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Addison Central School District internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 Addison Central 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 combination of deficiencies, in internal control over compliance requirements 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.

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

RHR Smith & Company

Buxton, Maine

Vermont Registration No. 092.0000697

March 21, 2023

ADDISON CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

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 §200.516 of Uniform Guidance? ☐ yes ☒ no

Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D	Elementary and Secondary School Emergency Relief Fund
84.425U	American Rescue Plan - Elementary and Secondary Relief (ARP ESSER)

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

PROPOSAL FOR
FINANCIAL STATEMENT AUDITS

Addison Central School District
Middlebury, Vermont



Proven Expertise & Integrity

SUBMITTED BY:

RHR SMITH & COMPANY
Certified Public Accountants

3 Old Orchard Road
Buxton, Maine 04093
May 1, 2023

(207) 929-4606 | (800) 300-7708

Contact:
Ronald H.R. Smith, CPA, CFE
Managing Partner

www.rhrsmith.com

Table of Contents

Letter of Transmittal	1
Technical Proposal	
History	2
Organizational Size and Structure	2
Service Capabilities	2
Firm Experience	3
Desk Reviews	3
Quality Control	3
Continuing Education	3
Independence and Quality Assurance	5
Contracted Services	5
Licensing	5
Professional Organizations	5
Audit Record Retention	5
Audit Team	6
Staff Reassignment	6
References	10
General Audit Approach	17
Overall Technical Approach	17
Sampling Technique	18
Scope of Work	18
<i>Engagement Summary</i>	18
Engagement Outline	20
Audit Schedule	21
Cost Proposal	
Estimate of Hours and All-Inclusive Maximum Fee	22
Other Services	23
Invoicing	23



May 1, 2023

Matt Corrente, Business Manager
Addison Central School District
49 Charles Avenue
Middlebury, Vermont 05753

Dear Mr. Corrente,

Thank you for giving us the opportunity to submit the following proposal to perform the audit of the Addison Central School District. The information you requested about our firm, our qualifications and the services we provide are enclosed.

We propose to audit the financial statements of the Addison Central School District for the fiscal years ending June 30, 2023 through June 30, 2027. We will conduct the audits in accordance with Generally Accepted Auditing Standards (GAAS); requirements promulgated by the American Institute of Certified Public Accountants (AICPA), and the Government Auditing Standards Board (GASB); and standards contained in *Government Auditing Standards* issued by the General Accounting Office, the Single Audit Act of the United States Office of Management and Budget, the provisions of the Uniform Guidance, *Audits of States, Local Governments and Nonprofit Organizations*, and related pronouncements regarding any Federal assistance awards.

RHR Smith & Company specializes in governmental audits, serving municipal, county and tribal governments, as well as schools, housing authorities, sewer and water utilities, and nonprofit corporations with a high concentration of these audits in Maine and Vermont. Our unique and innovative approach allows us to build client relationships based on a shared understanding of your entire organization and its needs. We take the time to get to know our clients, making the audit report an important part of organizational education and improvement. Selecting RHR Smith & Company as your independent auditing firm gives you access to talented, experienced professionals who will meet all of your audit and accounting needs and become valuable resources to the Addison Central School District.

We look forward to continuing our relationship with the Addison Central School District and providing consistent auditing and governmental financial advice as we have in the past.

Please do not hesitate to call if you have any questions about this proposal and our services. I can be reached at the office in Buxton at (800) 300-7708. We welcome the opportunity to meet with you and your staff.

Very Best,

A handwritten signature in blue ink, appearing to read "Ron", is placed above the printed name of the sender.

Ronald H.R. Smith, CPA, CFE
Managing Partner

TECHNICAL PROPOSAL

History

The firm of RHR Smith & Company, Certified Public Accountants was formed by Ronald H.R. Smith in 1997. Since August of 2001, Ronald has been the sole shareholder of the Company. It is a Maine based firm headquartered in Buxton and holds its license to practice in the states of Maine, Vermont, and Massachusetts. Together, Ronald H.R. Smith CPA, CFE, and his staff have over 200 years combined experience providing professional accounting, auditing, computer consulting, and other internal control and financial services.

Organizational Size and Structure

The firm is a professional corporation. Audit opinions are prepared and issued by Ronald H.R. Smith, CPA, CFE, Christina M. Smith, CPA, Miranda MacDonald, CPA, MBA, RTSBA, Michael B. Nadeau, CPA, CMA, MBA, SFO, and Jordan Nelle, CPA. Professional accounting and auditing experience are provided by a staff of 36 accountants. All of our accountants are dedicated solely to our governmental auditing practice which makes us able to handle not only audit matters but the complex accounting or industry matters which may need to be understood during the relationship. We are comprised of auditors, former government finance directors, former government school business managers, and other former seasoned government fiscal leaders. These 36 individuals pride and commit themselves to the governmental industry. The firm also has a dedicated tax practice comprised of 2 professionals to provide tax consultation, tax preparation, tax advice in all areas of taxation, and tax accounting service.

Service Capabilities

The firm specializes in the areas of governmental and nonprofit accounting and auditing. Within this field, the following services are provided:

- Reporting on financial statements in three capacities:
 - Audit
 - Review
 - Compilation
- Compliance auditing to meet federal and state requirements.
- Preparation of financial statements.
- Accounting system design.
- Internal control system design.
- Electronic data processing system study, including assistance in implementation.
- Assistance in budgeting procedures, forecasts, and cash flow analysis.
- Tax and bond anticipation requests including lease and bargain purchase financing.
- IRS Section 125 plan design and implementation.
- Assistance and preparation of GFOA Comprehensive Annual Financial Report.
- Other non-attest accounting and consulting services.
- Free client training workshops.

TECHNICAL PROPOSAL

Firm Experience

RHR Smith & Company conducts over 400 audits for government and nonprofit clients. All audit work is overseen by the Managing Partner, Ronald H.R. Smith, CPA, CFE.

We assist three of our clients in preparing CAFR reports, and one of our CPA's serves on the CAFR review team.

A list of all our governmental clients is included in this document.

Continuing Education

All continuing professional education requirements have been met or exceeded with respect to standards set forth by the American Institute of Certified Public Accountants and the U.S. Government Accountability Office, and State of Maine Board of Accountancy. The Engagement Partner is responsible for ensuring that all personnel assigned to the Town's audit have the experience and qualifications necessary to complete all audit tasks accurately and efficiently.

Quality Control

As a member requirement of the American Institute of Certified Public Accountants, the firm is enrolled in the Peer Review Program. Under this program, our firm is required to be audited every three years by another firm of similar size that is independent of our firm. Our quality control reviews include reviews of specific government engagements. Our most recent quality control review was performed in 2021 for the year ended September 30, 2020 and is included in this document on page 4.

Peer Review documents are made available for public access on the AICPA website. The firm of RHR Smith & Company also maintains a very structured internal quality control system designed to meet the standards of the American Institute of Certified Public Accountants.

Desk Reviews

The firm has had no federal or state desk reviews or field reviews of its audits during the past three years. None of the employees of the firm are or have been, the subject of disciplinary action taken or pending with state regulatory bodies or professional organizations.

RHR Smith & Company
Certified Public Accountants

TECHNICAL PROPOSAL

D.E. Rodrigues & Company, Inc.

Certified Public Accountants

215 Pleasant St. Fl. 4 – PO Box 3634
Fall River, Massachusetts 02722

Tel: (508)679-6079 (508)999-0020
Fax: (508)672-4938

Report on the Firm's System of Quality Control

To RHR Smith & Company, CPAs and the Peer Review Committee of New England Peer Review:

We have reviewed the system of quality control for the accounting and auditing practice of RHR Smith & Company, CPAs (the Firm) in effect for the year ended September 30, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The Firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The Firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included audit engagements performed under Government Auditing Standards including compliance audits under the Single Audit Act. As a part of our peer review, we considered reviews by regulatory entities as communicated by the Firm, if applicable, in determining the nature and extent of our procedures.

Deficiency Identified in the Firm's System of Quality Control

We noted the following deficiency during our review:

1. The Firm's quality control policies and procedures with respect to engagement performance do not provide reasonable assurance that the Firm adequately performs and documents governmental audit engagements in accordance with professional standards. Consequently, on engagements performed under government auditing standards we noted that the firm's documentation incorrectly identified engagements as being low risk. On one engagement reviewed, not enough testing was done to satisfy the low risk rating. In our opinion, this matter contributed to the governmental audit engagement not being performed in accordance with professional standards in all material respects.

Opinion

In our opinion, except for the deficiency previously described, the system of quality control for the accounting and auditing practice of RHR Smith & Company, CPAs in effect for the year ended September 30, 2020 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. RHR Smith & Company, CPAs has received a peer review rating of *pass with deficiency*.

D.E. Rodrigues & Company, Inc.

May 27, 2021

Where Your Financial Success Begins

Member: American Institute of Certified Public Accountants - Division for Firms
Web: WWW.Rodriguesaccounting.com Email: Doug@rodriguesaccounting.com

TECHNICAL PROPOSAL

Independence and Quality Assurance

Our firm adheres to the most rigid standards, including those of the U.S. Government Accountability Office, in ensuring independence and avoiding any real or apparent conflict of interest. We have policies outlining detailed processes for making determinations regarding independence and conduct extensive training in making those determinations. Staff reviews all firm engagements periodically to evaluate the potential for conflict and provides statements regarding any prior or current relationships with clients.

As to this engagement, we are independent of the Addison Central School District. No professional relationship exists between our firm and employees or agencies affiliated with the Addison Central School District.

The Engagement Partner is responsible for ensuring that all staff assigned to the School's audit have the experience and qualifications necessary to complete all audit tasks accurately and efficiently.

Contracted Services

Only employees of RHR Smith & Company will be assigned to work on the Addison Central School District audit. We do not utilize any contracted services at this time.

Licensing

The firm is registered in the State of Vermont under license number 092.0000697; its Managing Partner, Ronald H.R. Smith, CPA, CFE, is licensed in Vermont, and all personnel is duly authorized to practice in the State of Vermont according to applicable state statutes. Attached at the end of this proposal, you will find a copy of the firm's Occupational License.

Our firm employs five Certified Public Accountants, and three Master's level accountants. License numbers are provided for each CPA assigned to this audit team as part of their biographical information.

Professional Organizations

All professional personnel are members of the American Institute of Certified Public Accountants, and the Maine Society of Certified Public Accountants. Ronald, H.R. Smith, CPA, CFE, is also a member of the Association of Certified Fraud Examiners.

Audit Record Retention

All working papers and reports are retained for a minimum of five years after the end of each audit unless notified in writing by a cognizant agency to extend the retention period. Working papers will be made available, upon request from the District or its designee or the General Accounting Office, at the completion of the audit.

TECHNICAL PROPOSAL

Audit Team

The following table shows the audit team selected for the Addison Central School District, along with their respective roles.

NAME	TITLE	ROLE & RESPONSIBILITY
Ronald H.R. Smith, CPA, CFE	Managing Partner	<i>Engagement Partner:</i> Oversees audit including all work papers and audit documents, attends entrance and exit conferences and other client meetings as needed.
<i>Ron has been an auditor for over 30 years. He is the engagement partner for all audits and also manages many audits.</i>		
Miranda L. MacDonald, CPA, MBA, RTSBA	Audit Manager	<i>Audit Manager:</i> Implements work plan, supervises and reviews field work, coordinates with the client, conducts a test of controls.
<i>Miranda has 16 years of governmental accounting, with expertise in audit, budget and financial management.</i>		
Jordan E. Nellé, CPA	Quality Reviewer	<i>Quality Reviewer:</i> Supports the functions of the Quality Control Division; reviews workpapers and prepares financial statements for compliance with professional and Firm standards.
<i>Jordan has 12 years of experience in governmental auditing with specific expertise in general ledger, account reconciliation and budget analysis.</i>		
John Boulay	Audit Manager	<i>Audit Manager:</i> Implements work plan, supervises, and reviews field work, coordinates with the client, conducts a test of controls.
<i>John has four years of accounting experience with specific expertise in participating in the auditing of governmental clients.</i>		

Audit Team resumes are located on pages 7 through 10.

Staff Reassignment

At RHR Smith & Company, we are proud of the experience and longevity of our employees and take our commitment to audit quality and continuity seriously. We rarely find it necessary to reassign team members during an engagement. If we conduct your audit for several years, we may change members of the audit team to ensure independence and quality control. Any staff changes made during an audit are discussed with client management and should be approved in writing by the client.

TECHNICAL PROPOSAL

Ronald H.R. Smith, CPA, CFE
North Yarmouth, Maine
Managing Partner

SUMMARY

Over thirty years of public accounting experience. Specific expertise in the auditing, computer consulting, internal control testing, and other numerous financial tasks of governmental and nonprofit clients.

PROFESSIONAL HISTORY

1997 – Present	Managing Partner, RHR Smith & Company, Certified Public Accountants, Buxton, Maine
1989 – 1997	Senior Audit and Accounting Manager with Ron L. Beaulieu & Company, Certified Public Accountants, Portland, Maine

EDUCATION

1988, B.S. degree in Accounting, Saint Joseph's College, Standish, Maine

CONTINUING EDUCATION

All continuing professional education requirements have been met or exceeded with respect to standards set forth by the American Institute of Certified Public Accountants and the Government Accounting Office and State of Maine Board of Accountancy.

LICENSE

Certified Public Accountant - State of Maine Certificate Number CP 2285
Certified Public Accountant - State of Vermont Certificate Number 001.0002033
Certified Fraud Examiner - Credential Number 158186

PROFESSIONAL ASSOCIATIONS

- Member of the Maine Society of Certified Public Accountants
- Member of the American Institute of Certified Public Accountants
- Member of the Association of Certified Fraud Examiners
- Member of the GAO Yellow Book Council

TECHNICAL PROPOSAL

Miranda MacDonald
South Burlington, Vermont
Audit Manager

SUMMARY

Sixteen years of governmental accounting. Specific expertise in audit, budget and financial management, internal control testing, accounting and other financial processes related to the needs of governmental and nonprofit clients.

PROFESSIONAL HISTORY

2018 – Present	Audit Manager, RHR Smith & Company, CPA's, Buxton, Maine
2014 – 2018	Accounting Manager, Burlington School District, Burlington, Vermont
2012 – 2013	Director of Finance, Bonham Independent School Districts, Bonham, Texas
2008 – 2012	Accounting Supervisor, Irving Independent School District, Irving, Texas
2003 – 2007	Staff Accountant, Rockwall Independent School District, Rockwall, Texas

EDUCATION

2008, MBA, University of Texas, Dallas, Texas
2003, B.S. degree in Business & Accounting, Texas Tech University, Lubbock, Texas

CONTINUING EDUCATION

All continuing professional education requirements have been met with respect to standards set forth by the American Institute of Certified Public Accountants and the Government Accounting Office, and State of Maine Board of Accountancy.

LICENSE

Certified Public Accountant - State of Texas Certificate Number 093519

PROFESSIONAL ASSOCIATIONS

- Registered Texas School Business Administration (RTSBA)
- Vermont Association of School Business Officials (VASBO)
- Texas Association of School Business Officials (TASBO)

TECHNICAL PROPOSAL

Jordan E. Nellé, CPA
Hinesburg, Vermont
Quality Reviewer

SUMMARY

Over twelve years of experience as a financial professional with a focus on governmental accounting. Specific expertise in general ledger, account reconciliation & budget analysis, month and year end close procedures, internal controls, municipal auditing and financial reporting. Experienced with Microsoft Great Plains, Tyler Munis and NEMRC accounting software.

PROFESSIONAL HISTORY

2019 – Present	Quality Reviewer, RHR Smith & Company, CPA's, Buxton, Maine
2018 – 2019	Budget & Finance Director, Champlain Valley School District, Shelburne, Vermont
2012 – 2018	Senior Accountant/Controller, Green Mountain Transit, Burlington, Vermont
2010– 2012	Senior Accountant, Davis & Hodgdon Associates, CPAs, PLC, Williston, Vermont
2003 – 2015	Staff Accountant, Sullivan, Powers & Company, CPAs, Montpelier, Vermont

EDUCATION

Bachelor of Science Degree in Accounting, Champlain College, Burlington, Vermont

LICENSE

Certified Public Accountant (CPA) – State of Vermont

CONTINUING EDUCATION

All continuing professional education requirements have been met with respect to standards set forth by the American Institute of Certified Public Accountants and the Government Accounting Office, and State of Vermont Board of Accountancy and State of Florida Board of Accountancy.

PROFESSIONAL ASSOCIATIONS

Vermont Society of Certified Public Accountants (VTCPA)
American Institute of Certified Public Accountants (AICPA)

TECHNICAL PROPOSAL

John Boulay
Newport, VT
Audit Manager

SUMMARY

Four years of accounting experience. Specific expertise in participating in the auditing of governmental clients.

PROFESSIONAL HISTORY

2022 – Present Audit Manager, RHR Smith & Company, CPA's, Buxton, Maine

2019 – 2021 Staff Auditor, RHR Smith & Company, CPA's, Buxton, Maine

EDUCATION

Spring 2019, Bachelor of Science Accounting and Business Administration, Lyndon State College, Lyndonville, Vermont

CONTINUING EDUCATION

All continuing professional education requirements have been met with respect to standards set forth by the American Institute of Certified Public Accountants and the Government Accounting Office, and State of Maine Board of Accountancy.

TECHNICAL PROPOSAL

References

We are experienced in performing audits for state and local governments under standards that include GAS (Yellow Book), and Single Audit Act (Uniform Guidance), and we understand the audit requirements of the states in which we practice. We currently audit and provide accounting services for many governments and governmental organizations in the State of Maine and the State of Vermont. Some of those similar to the Addison Central School District audit are listed below:

Andrew Lundeen, Business Manager
Lamoille South Unified Union School District
46 Copley Avenue, Morrisville, VT 05661
Audit of Financial Statements including Single Audit

P. (802) 888-4541

Nathan Lavery, Director of Finance
Burlington School District
150 Colchester Avenue, Burlington, VT 05401
Audit of Financial Statements including Single Audit

P. (802) 865-5332

Tisha Hankinson, Director of Finance
Kingdom East Unified Union School District
64 Campus Lane, Lyndon Center, VT 05850
Audit of Financial Statements including Single Audit

P. (802) 626-6100

TECHNICAL PROPOSAL

GOVERNMENT & GOVERNMENTAL AGENCIES

Acton, Town of	Chittenden Unit for Special Investigations
Andover, Town of	Claremont Housing Authority
Androscoggin County District Attorney	Clinton, Town of
Androscoggin County Jail	Concord Housing Authority
Androscoggin Valley Council of Governments	Cooper, Town of
Androscoggin, County of	Corinth, Town of
Appleton, Town of	Cornish, Town of
Arlington VT, Town of	County of Aroostook District Attorney
Aroostook, County of	County of Aroostook Jail
Augusta Housing Authority	County of Aroostook Unorganized Territories
Baldwin, Town of	County of Cumberland Jail Fund
Baring Plantation	County of Franklin
Bath, City of	County of Kennebec
Bellows Falls Village Corporation	County of Kennebec Unity Township
Bennington Housing Authority	County of Piscataquis
Berlin Housing Authority	County of Piscataquis Jail
Berwick, Town of	County of Piscataquis Unorganized Territories
Biddeford Housing Authority	County of Somerset Unorganized Territories
Blue Hill, Town of	Cumberland County District Attorney
Bowdoin, Town of	Cumberland, County of
Brandon, VT, Town of	Cutler, Town of
Bridgton, Town of	Damariscotta, Town of
Bristol VT, Town of	Denmark, Town of
Brooks, Town of	Derry Housing and Redevelopment Authority
Brownfield, Town of	Dexter, Town of
Brownington, Town of	Dixfield, Town of
Buckfield, Town of	Dover-Foxcroft, Town of
Bucksport, Town of	Drew Plantation
Burnham, Town of	Eastern Slope Airport Authority
Bustins Island Village Corporation	Easton, Town of
Buxton, Town of	Eastport Non-Profit Housing Corporation
Byron, Town of	Eliot, Town of
Calais VT, Town of	Ellsworth, City of
Camden, Town of	Fair Haven, VT, Town of
Canton, Town of	Fairfield, Town of
Carmel, Town of	Farmington, Town of
Carrabassett Valley, Town of	Ferrisburgh, VT, Town of
Casco Bay Island Transit District	Forks Plantation
Casco, Town of	Franklin County Unorganized Territories
Castleton VT, Town of	Freedom, Town of
Caswell, Town of	Fryeburg, Town of
Central Aroostook County Emergency Medical Services	Gardiner, City of
Chebeague Island, Town of	Gray, Town of
Chelsea, Town of	Green Mountain Transit
Cherryfield, Town of	Greene, Town of
Chester, VT, Town of	Guilford, Town of
Chesterville, Town of	Harpswell, Town of

TECHNICAL PROPOSAL

GOVERNMENT & GOVERNMENTAL AGENCIES

(continued)

Harrington, Town of
Harrison, Town of
Hartford, Town of
Hebron, Town of
Hiram, Town of
Hollis, Town of
Houlton, Town of
Housing Authority of Fort Fairfield
Hubbardton, VT, Town of
Huntington VT, Town of
Industry, Town of
Isle La Motte, VT, Town of
Jackman, Town of
Jay, Town of
Johnson, VT, Town of
Jonesboro, Town of
Kennebec Valley Council of Governments
Kennebunk, Town of
Killington, VT, Town of
Kittery, Town of
Laconia Housing & Redevelopment Authority
Lebanon Housing Authority NH
Lebanon, Town of
Leeds ME, Town of
Lewiston Housing Authority
Lewiston-Auburn Water Pollution Control Authority
Lewiston, City of
Limerick, Town of
Limington, Town of
Lincoln - Unorganized Territories, County of
Lincoln Plantation
Lincoln, County of
Lisbon, Town of
Livermore Falls, Town of
Livermore, Town of
Lovell, Town of
Ludlow, Town of
Ludlow, Village of
Lunenburg, Town of
Madison, Town of
Maine County Commissioners Association
Maine Indian Tribal-State Commission
Maine Port Authority
Mariaville, Town of
Mattawamkeag, Town of
Mechanic Falls, Town of
Meddybemps, Town of

Mercer, Town of
Merrill, Town of
Midcoast Council of Governments
Milbridge, Town of
Milford, Town of
Millinocket, Town of
Monson, Town of
Montpelier Housing Authority
Montpelier, VT, City of
Morrill, Town of
Mount Ascutney Regional Commission
Mount Holly, Town of
Mount Vernon, Town of
New Haven, VT, Town of
New Sharon, Town of
Newfield, Town of
Newmarket Housing Authority
Newry, Town of
Norridgewock, Town of
North Berwick, Town of
North Yarmouth, Town of
Northeastern Vermont Development Association
Oakfield, Town of
Ogunquit, Town of
Old Orchard Beach, Town of
Oxford Unorganized Territories, County of
Oxford, County of
Oxford, Town of
Palermo, Town of
Paris, Town of
Phillips, Town of
Pittsfield, Town of
Pleasant Point Housing Authority
Plymouth, VT, Town of
Poland, Town of
Porter, Town of
Presque Isle Housing Authority
Presque Isle Industrial Council
Presque Isle, City of
Putney, VT, Town of
Rangeley, Town of
Raymond, Town of
Readfield, Town of
Richford, VT, Town of
Richmond VT, Town of
Rockingham, VT, Town of
Rome, Town of

RHR Smith & Company
Certified Public Accountants

TECHNICAL PROPOSAL

GOVERNMENT & GOVERNMENTAL AGENCIES

(continued)

Royalton Fire District	Vergennes, City of
Rumford, Town of	Vernon, VT, Town of
Sabattus, Town of	Victory, VT, Town of
Salem Housing Authority	Vinalhaven, Town of
Sandy River Plantation	Wade, Town of
Sanford Housing Authority	Waldoboro, Town of
Sangerville, Town of	Warren, Town of
Shapleigh, Town of	Washburn, Town of
Shelburne VT, Town of	Washington County Council of Governments
Sheldon VT, Town of	Waterboro, Town of
Shrewsbury, Town of	Waterford, Town of
Sidney, Town of	Wayne, Town of
Smyrna, Town of	Weathersfield VT, Town of
Somerset, County of	Wells Emergency Medical Services
South Burlington, VT, City of	Wells National Estuarine Research RMA
Southern Aroostook EMS Authority	Wells, ME, Town of
Springfield Housing Authority	Wells, VT, Town of
St. Johnsbury School District	Whitefield, Town of
Starks, Town of	Whitneyville, Town of
State of Maine, UT Education and Services Fund	Willimantic, Town of
Steuben, Town of	Wilton, Town of
Stockbridge, VT, Town of	Windham Regional Commission
Stonington, Town of	Winn, Town of
Stow, Town of	Winooski, VT, City of
Strong, Town of	Wolcott, VT, Town of
Sweden, Town of	Woodstock, Town of
Thomaston, Town of	Woodville, Town of
Turner, Town of	York County District Attorney
Two Bridges Regional Jail Authority	York, County of
Two Rivers-Ottawaquechee Regional Commission	
Union, Town of	
Upper Valley Lake Sunapee Regional Planning Commission	
Van Buren Housing Authority	

SCHOOL DISTRICTS & DEPARTMENTS

Acton School, Town of	Lake Region Elementary Middle School District
Addison Central School District	Lake Region Union High School
Addison Northwest School District	Lamoille South Unified Union School District
Appleton School, Town of	Lewiston School, City of
Arlington School District	Limestone Community School
Barre Unified Union School District	Lisbon School, Town of
Barstow Unified Union School District	Ludlow Mt. Holly Unified Union School District
Bellows Falls Union High School #27	Maine School Administrative District 8
Bennington Rutland Supervisory Union	Maine School Administrative District No. 27
Brighton Town School District	Marlboro School District
Burlington School District	Mettawee School District
Byron School Unit	Milford School, Town of
Canaan School District	Mill River Unified Union School District

RHR Smith & Company
Certified Public Accountants

TECHNICAL PROPOSAL

SCHOOL DISTRICTS & DEPARTMENTS *(continued)*

Carrabassett Valley School, Town of	Millinocket School Department, Town of
Caswell School, Town of	Missisquoi Valley School District
Central Vermont Career Center	Morgan Town School District
Champlain Valley School District	Mount Abraham Unified School District
Charleston School District	Mount Anthony Union School District #14
Chebeague Island School District	Mount Mansfield Unified Union School District
Cherryfield School, Town of	Mt. Ascutney School District
Cutler School, Town of	Mt. Blue Regional School District
Derby School District	NEK Choice School District
Easton School, Town of	Newport Town School District
Ellsworth School, City of	North Bennington Graded School District
Enosburgh - Richford Unified Union School District	North Country Supervisory Union
Essex North Supervisory Union	North Country Union High School
Essex Westford School District	Northern Mountain Valley School District
Fairfax Town School District	Orleans Central Supervisory Union
First Branch Unified District	Otter Valley Unified Union School District
Five Towns Community School District	Patricia A Hannaford Regional Technical School District
Fletcher Town School District	Pittsfield School District
Foundation of the University at Presque Isle	Quarry Valley Unified School District
Franklin Northeast Supervisory Union	Region 10 Technical High School
Franklin West Supervisory Union	Region 2 School of Applied Technology

NON PROFIT ORGANIZATIONS

Belgrade Lakes Association	Manchester Community Library
Bennington County Habitat for Humanity	Mark and Emily Turner Memorial Library Charitable Trust
Calais Methodist Home, Inc.	Mechanic Falls Development Commission
Chittenden Children's Advocacy Center	Mercer Shaw Library
Coastal Counties Workforce, Inc.	Morningview, LLC
Cobscook Community Learning Center	Northern Maine Development Commission
Community Regional Charter School	Old Orchard Beach Free Public Library Association, Inc
Eastern Maine Development Corporation	Parent Child Center of Rutland County
Eastern Trail Management District	Piscataquis County Economic Development Council
Grand Chapter of Maine, Order of the Eastern Star	Portland Ballet
Greater Falls Regional Service Center	Putney Mountain Association
Greater Franklin Development Council	River Valley Healthy Communities Coalition
Greater Sebago Education Alliance	Rural Community Action Ministry
Home Counselors, Inc.	Sacopee Rescue, Inc.
Kennebunkport Conservation Trust	Schoodic Arts for All
Mahoosuc Land Trust	Sheepscot Regional Education Program
Maine Arts Academy	
Maine Connections Academy	
Maine Family Resource Center	
Maine Huts & Trails	
Maine Mobile Health Program	

RHR Smith & Company
Certified Public Accountants

TECHNICAL PROPOSAL

TRIBAL GOVERNMENTS

Aquinnah Wampanoag Tribal Housing Authority
Penobscot Indian Nation

Penobscot Indian Nation Enterprises
Pleasant Point Passamaquoddy Tribal Council

FOR PROFIT

Cross Insurance Arena

Vacationland Estates Resort

UTILITIES

Addison County Solid Waste Management District
Alfred Water District
Auburn Sewerage District
Auburn Water District
Berwick Sewer District
Canton Water District
Carrabassett Valley Sanitary District
Central Penobscot Solid Waste
Chittenden Solid Waste District
Dixfield Sewer, Town of
Dixfield Water, Town of
Farmington Sewer, Town of
Grand Isle Consolidated Water District
Harrison Water District
Jay Village Water District
Kennebec Valley Regional Waste Corporation
Kittery Wastewater, Town of
Limerick Water & Sewer
Lisbon Water, Town of
Livermore Falls Sewerage Treatment

Livermore Falls Water District
Monson Utilities District
Mount Blue Standard Water District
North Berwick Sanitary District
North Jay Water District
Northeast Kingdom Waste Management District
Pittsfield Sewer, Town of
Pittsfield Water, Town of
Rangeley Water District
Royalton Fire District
Rumford Water District
Sabattus Sanitary District & Water Division
South Berwick Wastewater
Stonington Sanitary District
Strong Water District
Topsham Sewer District
Tri-Town Transfer Station
Vassalboro Sanitary District
Wilton Wastewater Department, Town of
Wilton Water Department, Town of

TECHNICAL PROPOSAL

General Audit Approach

We believe the audit process should be an integral part of how an entity can achieve organizational improvement. An audit can reveal opportunities to improve internal processes and controls, enhance accuracy and efficiency, and increase understanding of the financial position of the entity.

Our technical approach is to use standard programs to direct and document the audit. Auditors use programs to determine the level of examination needed, guide conversations with management, document procedures and tests of controls and gather valuable information. All of our processes are customized, meaning our specific approach is unique to each client. This is a necessity when working with unique organizations of varying size, level of wealth and sophistication, the scope of public services and programs, staff experience and history.

We view our engagements as an ongoing professional relationship, and your auditor and other professionals at our firm will be available to assist with consultation, accounting and other services throughout the year.

Overall Technical Approach

The audit will employ techniques to provide evidence to substantiate the financial statement assertions. Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and banks. We will request written representations from your attorneys as part of the engagement. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

The firm uses PPC audit programs to direct and document the audit. These programs are very extensive and are selected based on materiality factors. A list of some audit programs we typically use include:

- General Procedures
- Minutes, Contracts, Policies
- Cash
- Investments
- Revenue, Receivables, Notes Receivable and Receipts
- Expenditures for Goods and Services and Accounts Payable
- Payroll and Related Liabilities
- Inventories
- Property, Equipment, and Capital Expenditures
- Debt and Debt Service Expenditures
- Fund Equities
- Grants and Similar Programs
- Insurance and Self Insurance

Financial statements and schedules will be prepared from the School's internal financial statements as for each fiscal year end. The financial statements will be presented in accordance with generally accepted accounting principles. All required footnote disclosures will also be included.

TECHNICAL PROPOSAL

Sampling Technique

Audit sampling will be in accordance with the American Institute of Certified Public Accountants Audit and Accounting Guide-Audit Sampling. Audit sampling will be utilized where it will be the most efficient and effective audit tool in the circumstance.

Three phases of audit sampling will be performed: planning, selection and evaluation. The actual selection process will include random, systematic, and haphazard selection.

Scope of Work

Engagement Summary

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information when considered in relation to the basic financial statements taken as a whole. We will also perform and report on any other procedures necessary to comply with Government Auditing Standards (Yellow Book and Single Audit). Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the requirements of the State of Vermont Department of Audit. It will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions.

Our audit will include obtaining an understanding of the entity and its environment, including internal controls, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of your compliance with applicable laws and regulations and the provisions of contracts and agreements.

An audit is not designed to provide assurance on internal controls or legal and regulatory compliance or to identify deficiencies in those controls and compliance. However, during the audit, we will communicate to management and those charged with governance, internal control related matters that are required to be communicated under AICPA professional standards.

TECHNICAL PROPOSAL

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of your compliance with applicable laws and regulations and the provisions of contracts and agreements. We use a risk-based approach to determine which laws and regulations to test, which includes the use of interactive audit software which allows us to design our field work and tests based on individual client structure, individual needs, and real-time information as we progress. This program's ability to adjust audit designs will indicate additional test work that may be needed based on the level of risk.

We will express an opinion on the fair presentation of the School's basic financial statements taken as a whole and supporting schedules, in conformity with generally accepted accounting principles and procedures applicable to governmental and nonprofit organizations.

In connection with the examination of the records and financial statements, we will review the system of internal control, operating procedures, and compliance with the budgetary and legal requirements by the Addison Central School District. The review of the internal controls will include an annual review of the related processing controls within the Addison Central School District's operations, to include developing an understanding of policies involving security, documentation, controls and data retention, and testing adherence to those policies. The approach we use includes staff interviews and completing and examining questionnaires.

The Engagement Partner, Audit Supervisor and Audit Manager are available to coordinate with Management regarding scheduling and planning the audit, understanding the control environment, and discussing any management issues that may arise during the audit. The Auditor will issue a letter to Management listing problem areas and suggested improvements. Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations.

TECHNICAL PROPOSAL

Engagement Outline

The engagement will include the following:

- Audit plans developed and reviewed with the Business Manager and / or appointed staff.
- Audits of the Addison Central School District's basic financial statements in accordance with Generally Accepted Auditing Standards (GAAS); requirements promulgated by the American Institute of Certified Public Accountants (AICPA), and the Government Auditing Standards Board (GASB); and standards contained in *Government Auditing Standards* issued by the general Accounting Office, the Single Audit Act Amendments of 1996 (if applicable), the provisions of the Uniform Guidance, *Audits of States, Local Governments and Nonprofit Organizations*, and related pronouncements regarding any Federal assistance awards.
- Audits of each fund of the school district; copies of final trial balance and adjusting entries will be provided for each fund to the Accounting Manager.
- Audit in compliance with Government Auditing Standards, the Single Audit Act, and the provisions of uniform guidance and its supplements (if applicable), and financial and compliance audits in accordance with grant programs.
- Entrance, exit and progress conferences.
- Preparation of financial statements and required supporting schedules. Draft statements will be submitted for review to the Business Manager, Director of Finance, and/or appointed staff.
- At the conclusion of the audit meet with District Officials and School Boards and/or appointed staff to discuss the results of the audit and review any findings and/or recommendations included in the Management Letters.

TECHNICAL PROPOSAL

Audit Schedule

- *Preliminary Work:* Preliminary audit work and audit planning will be conducted as soon as possible at a mutually agreed upon date, based on discussions with Management at an entrance conference conducted at the onset of the engagement.
- *Planning:* An audit plan will be provided at a progress conference with the key personnel before field work begins. The role of School officials in the audit will be discussed, and a list of schedules to be prepared by the staff of Addison Central School District will be provided.
- *Field Work:* Field work will be completed in a contiguous block of time (to the extent possible) and will commence as soon as possible after discussions with Management, between October 15th and December 15th.
- *Audit:* An entrance conference with the Business Manager and/or other designated personnel to commence year-end audit work will be conducted as soon as possible after the execution of the contract. School personnel will prepare trial balances and supplemental schedules by the first day of field work, and will make recommendations, revisions and suggestions on the draft reports within ten (10) business days of receiving them.
- *Meetings:* Meetings with Business Manager and/or appointed staff as needed before, during and after the audit, including presentation of the audit, including single audit, to the School Board in February of each contract year.
- *Audited Basic Financial Statement Package*
 - Draft set of financial statements and management letters will be delivered no later than January 31st in each contract year.
 - An electronic copy of the independent auditors' report and basic financial statements with all the above-mentioned reports, Provisions of Uniform Guidance and all reports required by Government Auditing Standards delivered following the acceptance of the draft, to each school district.
- *Management Letter*
 - A detailed letter listing items which go beyond the entity's internal control structure will be provided to each school district. Management letters deal with operational and administrative efficiencies and other items of perceived benefit to the Addison Central School District. A draft of the letter will be presented at the exit interview at the conclusion of the audit.

COST PROPOSAL

Estimate of Hours and All-Inclusive Maximum Fee

Staff	Rate	Preparation of Financial Statements	Audit of Financial Statements	Total Hours	Cost
Engagement Partner	\$150	4	4	8	\$1,200
Audit Managers	\$125	73	75	148	\$18,500
Quality Control	\$125	60	0	60	\$7,500
Staff Accountants	\$85	85	95	180	\$15,300
Total				396	\$42,500

ANNUAL FINANCIAL STATEMENT AUDIT PRICE WILL NOT EXCEED: \$42,500, broken down as follows:

Audit Year – June 30, 2023:	\$42,500
Audit Year – June 30, 2024:	\$42,500
Audit Year – June 30, 2025:	\$42,500
Audit Year – June 30, 2026:	\$42,500
Audit Year – June 30, 2027:	\$42,500

If required, Single Audit is included in the annual audit price.

Our price includes travel and all out of pocket expenses related to the audit, and all client communications related to the audit.

Other Services

Hourly rates for accounting services beyond the scope of the audit through non-attest engagements:

- Management Advisory and Consulting: \$125 to \$150 (Principal)
- Accounting Services: \$100 to \$125
- Fixed Assets: \$100

Hourly rates are based on the level of expertise required and are subject to change.

Invoicing

Progress bills are sent periodically as work progresses. The final bill will not be sent until the audit is complete and presentation has been made to the Addison Central School District.

Addison Central School District

Audit Services performed by

Telling & Hillman, P.C.
5 Park Street
Middlebury, VT 05753
(802) 388-3311

For the Years Ending

June 30, 2023 through June 30, 2027

TELLING & HILLMAN, P.C.

ACCOUNTANTS • AUDITORS
5 PARK STREET – MIDDLEBURY, VT 05753

PHONE: (802) 388-3311
WEB: WWW.TELLINGANDHILLMAN.CPA

April 24, 2023

Addison Central School District
Attn: William Waller
49 Charles Avenue
Middlebury, VT 05753

Thank You for inviting us to submit this proposal to perform audit services for Addison Central School District. The purpose of the enclosed presentation is to describe to you our qualifications under the following categories:

- Profile of Telling & Hillman, P.C.
- Scope of the Engagement
- Our Approach to the Engagement
- Engagement Service Team
- Biographies of the Engagement Team
- Our Qualifications
- Fee Estimate
- Peer Review Report

Your selection of an independent auditor is an important decision. We believe our proposal will demonstrate that we are well qualified to serve Addison Central School District.

Telling & Hillman, P.C.'s principal service to the School District will be the annual audit which leads to an opinion on the School District's financial statements. We will perform this 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, which includes Uniform Guidance.

We will also prepare a letter delineating weaknesses, if any, that we find in the School District's system of internal control and include recommendations for improvements, where applicable.

We believe that communication is an important process that needs to be done throughout the year rather than just during the audit. Consequently, we will be informing management, and the School Board throughout the year of significant events affecting either governmental accounting profession in general as it relates to Addison Central School District.

We sincerely appreciate the opportunity to propose on this engagement and trust that this statement of our qualifications is responsive to your requirements. Should you wish additional information, please contact Samantha Hillman or me at 802-388-3311.

Very truly yours,



Thomas Telling
Telling & Hillman, P.C.

PROFILE OF TELLING & HILLMAN, P.C.

Our Firm

We are a full-service public accounting firm in that we offer services in the areas of auditing, accounting, and tax. We serve dozens of audit clients in both the public and private sector. It is our philosophy to be unique by providing the in-depth industry experience our clients expect; and, at the same time, retain the personal service and responsiveness which has contributed to our growth.

Quality Control

Quality control has always been a prime concern of public accountants.

We at Telling & Hillman, P.C. are proud of the reputation we have achieved for high quality work – our clients and the public expect nothing less.

Quality is not the product of just one department or a number of control procedures, but rather a basic professional attitude to which we have long been dedicated and which continues to permeate our firm.

Our Office

Our office has a staff of five professionals, with a wide range of experience and expertise. All of our staff members have college degrees, some have or are pursuing advanced degrees. All of our professional staff receive intensive training in all areas of auditing and accounting.

Resumes of the specific individuals who would be assigned to the Addison Central School District's engagement is contained in a later section of this proposal.

There are no conflicts of interest between our firm and Addison Central School District.

SCOPE OF THE ENGAGEMENT

We propose to perform an audit of the financial statements of Addison Central School District 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, which includes Uniform Guidance.

We will prepare schedules and work papers required by auditing standards generally accepted in the United States of America as applied to government units. In addition to the audits, we will provide copies of all final trial balances, including adjusting journal entries for each fund.

We will hold a planning conference with the Business Manager and the Director of Finance prior to commencing the audit and an exit conference upon completion of fieldwork.

At the conclusion of the audit, a representative from our firm will appear before the School Board or representative committee to discuss the findings resulting from the audit.

OUR APPROACH TO THE ENGAGEMENT

Assign Experienced Personnel

The key personnel we would assign to this audit have significant experience in auditing governmental organizations. It is our firm's policy to assign the same key staff members to an engagement each year in order to provide a more efficient and in-depth audit.

We will not assign or sublet the work to be performed without the written consent of the School District.

Utilize School District's Personnel

We plan to use School District's staff to prepare schedules, statements, and worksheets to help minimize the cost of the audit.

In addition, we will, to the maximum extent practicable, utilize the services of the School District's personnel in the performance of certain routine administrative tasks that would otherwise have to be performed by our staff. In accomplishing this, we must, of course, consider limitations on available time of the personnel involved.

Timing Considerations

We will review our engagement plan which specifies the timing and extent of our audit procedures with the appropriate School District's personnel.

The preliminary audit fieldwork will be conducted during a mutually agreeable date. Fieldwork shall be scheduled at a mutually agreed upon contiguous block of time between mid-October and mid-December of each year. Draft audit reports will be made available to the Director of Finance and Business Manager at the conclusion of the audit but no later than January 31st of each year unless otherwise mutually agreed upon. Audit reports, including the single audit, will be published and a presentation by the auditor, in person or remotely, will be made to the School Board in February of each year, if necessary.

Record Retention

We will retain the audit work papers for a minimum of three years. The work papers can be made available upon proper authorization from an official of Addison Central School District.

Emphasize Communication

We have found that frequent, open communication often results in a better understanding of the School District's financial affairs. Accordingly, we would hold periodic progress meetings to discuss the status of the audit work. We would also discuss the audit and highlights of the financial statements with the School Board.

ENGAGEMENT SERVICE TEAM

We have selected a team to provide the needed combination of talents required by this engagement. In addition, experienced staff auditors will be assigned, as appropriate.

Engagement Organization

Engagement Partner – Thomas Telling

As engagement partner, Tom will have the following responsibilities:

- Overall direction of the audit engagement
- Selection and focusing of the resources of the firm necessary for the success of the assignment
- Assurance of technical quality of the final report

Audit Manager/In-charge Accountant – Samantha Hillman

Working with the Engagement Partner as the primary contact for the audit team

- On-site coordination of the audit team
- Direct participation in the execution of audit objectives

BIOGRAPHIES

Resumes of engagement team members are presented below.

The following paragraphs summarize our qualifications in the terms of personnel and experience to perform services for you.

Thomas Telling – Tom holds a B.S. in Accountancy from the University of Illinois Champaign Urbana. He began his career in Bloomington, Illinois with the firm Henning, Strouse, Jordan and Sulaski CPAs. He moved to Plattsburgh, New York and joined the firm Telling & Potter, P.C. He opened an office in Middlebury, Vermont in 2001.

Tom maintains his CPA license in New York and Vermont. He is a member of the American Institute of CPAs and is a registered peer reviewer. Tom specializes in audits of governmental entities and non-profit organizations. He appreciates perseverance, integrity, and collaborative work.

Tom is actively involved with the community serving as a volunteer with numerous organizations. He lives in Bristol, Vermont with his wife Jenny, he enjoys spending time with his grandchildren, and traveling.

Samantha Hillman – In-charge, will be directly responsible for the supervision of the personnel performing the detailed auditing procedures, planning the engagement in cooperation with School District's personnel and the audit engagement partner, and supervision of the successful performance of the service plan.

Samantha is a graduate of Castleton University with a Bachelor of Science degree in business administration with a concentration in accounting. With over fourteen years of audit experience, she is well versed in auditing municipalities, school districts, and a wide variety of non-profit organizations.

Samantha is the firm's managing partner. Her responsibilities include overseeing the daily operations of the organization and the financial affairs of the company.

Samantha lives in Salisbury, Vermont with her husband, Jordan, and their two children, Tatum and Connor.

Phillip Turner – senior accountant, may assist in audit field work and financial statement preparation.

Phillip is a graduate of Norwich University with a Bachelor of Science degree in management and a Bachelor of Science degree in accounting. His audit experience includes non-profit organizations, municipalities, and school districts.

Phillip resides in Vergennes, Vermont and enjoys hiking, traveling, and volunteering.

Kyle Lussier – senior accountant, may assist in audit field work and financial statement preparation.

Kyle is a graduate of Southern New Hampshire University with a Bachelor of Science degree in Accounting. His audit experience includes non-profit organizations, municipalities, and school districts. He lives in East Middlebury, Vermont with his wife, Lianne, and three children, Charlie, Henry, and Lennon. Kyle enjoys following his favorite sports teams.

Gordon Telling – Gordon may assist in audit fieldwork and financial statement preparation.

Gordon joined the firm in 2022 having previously owned and managed a local construction business. Originally an engineering student he changed his major to acquire a Bachelor of Science degree in Accountancy. Gordon and Adriana live with their daughter, Lucy, in Vergennes, Vermont. He can be found with his family or in his shop working on cabinetry.

These professionals offer a wealth of professional knowledge and auditing experience, which cannot be duplicated. We are very pleased to provide such high quality personnel to this engagement.

OUR QUALIFICATIONS

The following paragraphs summarize our qualifications in terms of personnel and experience to perform services to you.

Qualified Personnel

A firm's performance is largely dependent on the specific individuals assigned to an engagement. We can select a team which will provide you with a breadth of experience combined with specific expertise in governmental operations.

All accounting staff, who participate in audits of governmental municipalities, school districts, and non-profit entities receive a minimum of 80 hours of continuing professional education (CPE) every two years of which a minimum of 24 hours is in subjects directly related to Government Auditing Standards.

We have satisfied the 24-hour requirement by attending a variety of Governmental programs. We receive a minimum 40 hours of governmental and auditing continuing professional education per year.

Related Experience

- **Central Vermont Supervisory Union #68**
111B Brush Hill Road
Williamstown, VT 05679
Contact: Chris Locarno, Director of Finance and Operations
Phone: (802) 433-5818
Scope of work: Government Auditing Standards and the Single Audit Act
- **Orleans Southwest Supervisory Union**
157 Daniels Road
Hardwick, VT 05843
Contact: Brittany Currie, Director of Finance and Operations
Phone: (802) 472-6531 ext. 2912
Scope of work: Government Auditing Standards and the Single Audit Act
- **AuSable Valley Central School District**
1273 Route 9N
Clintonville, New York 12924
Contact: Theodore Sill, School Business Executive
Phone: (518) 834-2867
Scope of work: Government Auditing Standards and the Single Audit Act
- **Lake Placid Central School District**
50 Cummings Road
Lake Placid, NY 12946
Contact: Dana Wood, Asst. Superintendent for Business, Finance and Support Services
Phone: (518) 523-2475
Scope of work: Government Auditing Standards and the Single Audit Act
- **Ticonderoga Central School District**
5 Calkins Place
Ticonderoga, NY 12883
Contact: Laurie Cossey, Business Administrator
Phone: (518) 585-7400
Scope of work: Government Auditing Standards and the Single Audit Act
- **Schroon Lake Central School District**
1125 US Rte 9, PO Box 338
Schroon Lake, NY 12870
Contact: Daniel Fosella, District Business Administrator
Phone: (518) 532-7164
Scope of work: Government Auditing Standards and the Single Audit Act

- **Tupper Lake Central School District**

294 Hosley Ave.

Tupper Lake, NY 12986

Contact: Daniel Bower, Assistant Superintendent for Finance and Operations

Phone: (518) 359-7862

Scope of work: Government Auditing Standards and the Single Audit Act

- **Bouquet Valley Central School District**

PO Box 158

Elizabethtown, NY 12932

Contact: Sharlene Petro-Durgan, District Business Manager

Phone: (518) 483-6420 Ext. 1051

Scope of work: Government Auditing Standards and the Single Audit Act

FEE ESTIMATE

Our fees are based on the amount of time required to complete the assignment and the level of personnel assigned. We render interim billings as work progresses and a final billing at the conclusion of each engagement.

Our fees are based on anticipated cooperation from your personnel in the preparation of detailed analyses, workpapers, etc., including trial balances or schedules prepared in the normal course of business and the assumption that unexpected circumstances will not be encountered during the audit.

Estimated Fees

Our total all-inclusive maximum price for the year ending June 30, 2023, and for the four subsequent engagement years for which the School District has the option of continuing in this contract is \$54,000, \$56,000, \$58,000, \$60,000, and \$62,000, respectively.

Fees are difficult to estimate because they are dependent upon the number of hours required, which can vary for many reasons. Accordingly, in the event our estimate is out-of-line with comparable proposals or with your expectations, we would be pleased to discuss it further with you.



Report on the Firm's System of Quality Control

December 8, 2020

To the Owners of Telling & Hillman, P.C.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Telling & Hillman, P.C. (the firm) in effect for the year ended June 30, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Telling & Hillman, P.C. in effect for the year ended June 30, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Telling & Hillman, P.C. has received a peer review rating of *pass*.

Love, Cody & Company, CPAs, P.C.

115 Elm Street • P.O. Box 319 • Bennington, Vermont 05201-0319

(802) 442-5552 • (800) 894-5511

Facsimile: (802) 442-7314 • e-mail: mail@lovecody.com

www.lovecody.com



National Peer
Review Committee

March 01, 2021

Thomas Telling
Telling & Hillman, P.C.
5 Park St Ste 2
Middlebury, VT 05753-1169

Dear Thomas Telling:

It is my pleasure to notify you that on February 24, 2021, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is November 30, 2023. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink, reading "Michael Fawley", with a stylized, cursive script.

Michael Fawley
Chair, National PRC
+1.919.402.4502

cc: Stephen Love

Firm Number: 900004703191

Review Number: 577916