

AGENDA



**Addison Central School District
Finance Committee
Committee Meeting
Monday, April 1, 2024, 8:30 am - 9:30 am
208 Charles Avenue, Middlebury VT**

ACSD District Vision and Mission

OUR VISION

Our vision is for all ACSD students to reach their full learning potential, have a sense of belonging in our schools, and enrich our community and the communities where they live in the future.

OUR MISSION

Our mission is to provide high-quality, equitable, and varied learning environments that inspire a passion for learning and growth among our students.

Please click the link below to join the webinar:

<https://us06web.zoom.us/j/88152213934>

- A. Call to Order Upon Reaching a Quorum
- B. Introductions: Board Members, Administrators and Staff
- C. Public Comment - Agenda Items
- D. Approve the Minutes from 2/12/24
- E. Committee Discussion:
 - 1. Committee Reorganization
 - a. Election of Committee Chair
 - b. Election of Minutes Recording
 - 2. Review 2023 Financial Reports
 - 3. Discuss Reporting Review Schedule
 - 4. First Look at FY26 Budget Calendar
- F. Public Comment - Any Topic
- G. 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, February 12, 2024, 8:30 am - 9:30 am
208 Charles Avenue, Middlebury VT**

ACSD District Vision and Mission

OUR VISION

Our vision is for all ACSD students to reach their full learning potential, have a sense of belonging in our schools, and enrich our community and the communities where they live in the future.

OUR MISSION

Our mission is to provide high-quality, equitable, and varied learning environments that inspire a passion for learning and growth among our students.

A. Call to Order Upon Reaching a Quorum

Meeting called to order by Barb Wilson at 8:30 AM

B. Introductions: Board Members, Administrator, and Staff

Present: Barb Wilson, Jason Chance, Interim Superintendent Tim Williams, Steve Orzech, Director of Finance and Operations Matt Corriveau, James (Chip) Malcolm
Absent: Ellen Whelan-Wuest

C. Public Comment - Agenda Items

None

D. Approve the Minutes of 1/15/2024

Move: Jason Chance Second: Steve Orzech Status: Passed

E. Committee Discussion:

1. Presentation of Q2 financial report

- Includes Budget, % of total, H1 Actual plus expected spend for H2, projected balance
- CSAC contract usage a driver of Gen Ed / Student Services surplus
- Transportation miss due to added routes
- Projected balance: ~\$1.3M

2. Effects of Property Tax Cap Repeal on Budget Development and Timeline

- 5% cap to be removed
- Yield will go up due to cap removal and reduced spending
- If yield projections hold (\$10,000), impact on the district tax rate would be minimal
- If new budget vote required, approval would need to be done on or before March 5th.

F. Public Comment - Any Topic

None

G. Adjournment

Meeting adjourned at 10:09 AM

Respectfully submitted,
Jason Chance, recorder

Move: Jason Chance Second: Steve Orzech Status: Passed

*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.

DRAFT

Federal Compliance Audit

Addison Central School District

June 30, 2023



Proven Expertise & Integrity

ADDISON CENTRAL SCHOOL DISTRICT

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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, 2023 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, 2023 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.

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 69 through 74 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 25, 2024, 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 25, 2024

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(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, 2023. 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 three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The School District's major funds are the general fund and the Medicaid IEP 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 \$1,123,213 from \$21,612,096 to \$22,735,309.

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 \$5,225,949 at the end of the fiscal year.

Table 1
Addison Central School District
Net Position
June 30,

	Governmental Activities	
	2023	2022
Assets:		
Current Assets	\$ 9,563,189	\$ 8,270,593
Noncurrent Assets - Capital Assets	15,227,159	15,288,127
Total Assets	<u>24,790,348</u>	<u>23,558,720</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	65,605	69,423
Total Deferred Outflows of Resources	<u>65,605</u>	<u>69,423</u>
Liabilities:		
Current Liabilities	957,820	816,855
Noncurrent Liabilities	1,094,695	1,063,961
Total Liabilities	<u>2,052,515</u>	<u>1,880,816</u>
Deferred Inflows of Resources:		
Deferred Revenues	24,007	31,549
Deferred Inflows Related to Pensions	44,122	103,682
Total Deferred Inflows of Resources	<u>68,129</u>	<u>135,231</u>
Net Position:		
Net Investment in Capital Assets	14,041,608	14,093,880
Restricted	3,467,752	3,259,674
Unrestricted	5,225,949	4,258,542
Total Net Position	<u>\$ 22,735,309</u>	<u>\$ 21,612,096</u>

Revenues and Expenses

Revenues for the Addison Central School District's governmental activities decreased by 8.72%, while total expenses decreased by 9.09%. The decrease in revenues was due to decreases in operating grants and contributions partially offset by increases in grants and contributions not restricted to specific programs. The decrease in expenses was due to decreases in state on-behalf payments.

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

	Governmental Activities	
	2023	2022
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 1,078,286	\$ 990,310
Operating grants and contributions	19,157,191	26,484,579
<i>General Revenues:</i>		
Grants and contributions not restricted to specific programs	35,095,658	33,383,733
Miscellaneous	564,705	378,537
Total Revenues	<u>55,895,840</u>	<u>61,237,159</u>
Expenses		
Regular programs	18,942,692	17,630,303
Special education	3,977,651	4,424,571
Support services	4,832,348	4,978,308
Administration	4,765,442	4,307,559
Operations and maintenance	3,924,609	3,574,783
Transportation	1,624,528	1,340,053
Interest	30,107	39,662
State on-behalf payments	10,375,921	20,027,247
Program expenditures	5,879,701	3,937,544
Total Expenses	<u>54,772,627</u>	<u>60,260,030</u>
Change in Net Position	1,123,213	977,129
Net Position - July 1	<u>21,612,096</u>	<u>20,634,967</u>
Net Position - June 30	<u>\$ 22,735,309</u>	<u>\$ 21,612,096</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>2023</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 73,619	\$ 30,919	\$ 42,700
Assigned	623,744	623,744	-
Unassigned	2,939,748	3,189,727	(249,979)
Medicaid IEP Fund:			
Restricted	470,933	337,521	133,412
Total Major Funds	<u>\$ 4,108,044</u>	<u>\$ 4,181,911</u>	<u>\$ (73,867)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 21,686	\$ 21,035	\$ 651
Restricted	2,991,217	2,916,562	74,655
Unassigned (deficits)	(60,320)	(50,638)	(9,682)
Capital Projects Funds:			
Committed	1,781,535	578,707	1,202,828
Permanent Funds:			
Restricted	5,602	5,591	11
Total Nonmajor Funds	<u>\$ 4,739,720</u>	<u>\$ 3,471,257</u>	<u>\$ 1,268,463</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. There was no difference between the original and final budget for certain special revenue and private purpose trust funds.

The general fund actual revenues were receipted above budgeted revenues by \$573,478 due to all revenues being receipted below budgeted amounts except for miscellaneous.

The general fund actual expenditures exceed budget by \$780,757. This is due primarily to operations and maintenance and transfers to other funds exceeding budgeted amounts.

The certain special revenue and private purpose trust funds revenues were below budgeted revenues by \$1,615,466. This was due to all revenue categories being receipted under budgeted amounts.

The certain special revenue and private purpose trust funds actual expenditures were below budget by \$1,730,134.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the School District decreased by \$60,968. This decrease was due to current year capital additions of \$1,214,414 less current year depreciation expense of \$1,275,382.

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

	<u>2023</u>	<u>2022</u>
Land improvements	\$ 244,956	\$ 277,675
Buildings and improvements	12,960,806	13,442,937
Furniture and fixtures	215,273	196,524
Machinery and equipment	1,013,337	931,009
Vehicles	201,726	47,832
Infrastructure	229,241	259,726
Right of use lease assets	289,966	132,424
Total	<u>\$ 15,227,159</u>	<u>\$ 15,288,127</u>

Debt

At June 30, 2023, the School District had \$1,185,551 in bonds payable, notes from direct borrowings payable and lease liability outstanding versus \$1,194,247 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 20 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The 2023 - 2024 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 OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 8,447,455
Investments	2,452
Accounts receivable (net of allowance for uncollectibles)	158,179
Due from other governments	859,798
Prepaid items	80,545
Inventory	14,760
Total current assets	<u>9,563,189</u>
Noncurrent assets:	
Capital assets:	
Land improvements, net of accumulated depreciation	244,956
Buildings and improvements, net of accumulated depreciation	12,960,806
Furniture and fixtures, net of accumulated depreciation	215,273
Infrastructure, net of accumulated depreciation	229,241
Machinery and equipment, net of accumulated depreciation	1,013,337
Vehicles, net of accumulated depreciation	201,726
Right of use lease assets, net of accumulated depreciation	289,966
Total noncurrent assets	<u>15,227,159</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	65,605
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>65,605</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 24,855,953</u>

STATEMENT A (CONTINUED)
ADDISON CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 447,484
Accrued expenses	243,934
Current portion of long-term obligations	266,402
Total current liabilities	<u>957,820</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	757,500
Lease liability	161,649
Net pension liability	175,546
Total noncurrent liabilities	<u>1,094,695</u>
TOTAL LIABILITIES	<u>2,052,515</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	24,007
Deferred inflows related to pensions	44,122
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>68,129</u>
NET POSITION	
Net investment in capital assets	14,041,608
Restricted: Medicaid IEP fund	470,933
Special revenue funds	2,991,217
Permanent funds	5,602
Unrestricted	5,225,949
TOTAL NET POSITION	<u>22,735,309</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 24,855,953</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, 2023

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	\$ 18,942,692	\$ 1,045,770	\$ -	\$ -	\$ (17,896,922)	\$ -	\$ (17,896,922)
Special education	3,977,651	-	2,936,095	-	(1,041,556)	-	(1,041,556)
Support services	4,832,348	-	-	-	(4,832,348)	-	(4,832,348)
Administration	4,765,442	-	-	-	(4,765,442)	-	(4,765,442)
Operations and maintenance	3,924,609	-	-	-	(3,924,609)	-	(3,924,609)
Transportation	1,624,528	-	339,661	-	(1,284,867)	-	(1,284,867)
Interest	30,107	-	-	-	(30,107)	-	(30,107)
State on-behalf payments	10,375,921	-	10,375,921	-	-	-	-
Program expenditures	5,879,701	32,516	5,505,514	-	(341,671)	-	(341,671)
Total governmental activities	<u>\$ 54,772,627</u>	<u>\$ 1,078,286</u>	<u>\$ 19,157,191</u>	<u>\$ -</u>	<u>(34,537,150)</u>	<u>-</u>	<u>(34,537,150)</u>

STATEMENT B (CONTINUED)

ADDISON CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(34,537,150)</u>
General revenues:	
Grants and contributions not restricted to specific programs	35,095,658
Miscellaneous	564,705
Total general revenues	<u>35,660,363</u>
Change in net position	1,123,213
NET POSITION - JULY 1	<u>21,612,096</u>
NET POSITION - JUNE 30	<u><u>\$ 22,735,309</u></u>

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

STATEMENT C

ADDISON CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Medicaid IEP	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,097,190	\$ -	\$ 350,265	\$ 8,447,455
Investments	-	-	2,452	2,452
Accounts receivable (net of allowance for uncollectibles)	155,200	-	2,979	158,179
Due from other governments	-	-	859,798	859,798
Inventory	-	-	14,760	14,760
Prepaid items	73,619	-	6,926	80,545
Due from other funds	770,260	470,933	4,876,323	6,117,516
TOTAL ASSETS	\$ 9,096,269	\$ 470,933	\$ 6,113,503	\$ 15,680,705
LIABILITIES				
Accounts payable	\$ 7,652	\$ -	\$ 439,832	\$ 447,484
Accrued expenses	104,250	-	139,684	243,934
Due to other funds	5,347,256	-	770,260	6,117,516
TOTAL LIABILITIES	5,459,158	-	1,349,776	6,808,934
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues	-	-	24,007	24,007
TOTAL DEFERRED INFLOWS OF RESOURCES OF RESOURCES	-	-	24,007	24,007
FUND BALANCES				
Nonspendable	73,619	-	21,686	95,305
Restricted	-	470,933	2,996,819	3,467,752
Committed	-	-	1,781,535	1,781,535
Assigned	623,744	-	-	623,744
Unassigned (Deficit)	2,939,748	-	(60,320)	2,879,428
TOTAL FUND BALANCES	3,637,111	470,933	4,739,720	8,847,764
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,096,269	\$ 470,933	\$ 6,113,503	\$ 15,680,705

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, 2023

	Total Governmental Funds
Total Fund Balances	\$ 8,847,764
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	15,227,159
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	65,605
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(894,250)
Notes payable from direct borrowings	(1,766)
Lease liability	(289,535)
Net pension liability	(175,546)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(44,122)
Net position of governmental activities	<u>\$ 22,735,309</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, 2023

	General Fund	Medicaid IEP	Other Governmental Funds	Total Governmental Funds
REVENUES				
Intergovernmental revenues	\$ 41,660,808	\$ 262,070	\$ 5,243,444	\$ 47,166,322
Charges for services	1,045,770	-	32,516	1,078,286
Interest income	23,622	-	11	23,633
Miscellaneous	88,654	-	452,418	541,072
TOTAL REVENUES	42,818,854	262,070	5,728,389	48,809,313
EXPENDITURES				
Current:				
Regular programs	18,525,897	-	-	18,525,897
Special education	3,977,651	-	-	3,977,651
Support services	4,726,314	-	-	4,726,314
Administration	4,588,841	-	-	4,588,841
Operations and maintenance	3,732,542	-	-	3,732,542
Transportation	1,620,248	-	-	1,620,248
Debt service:				
Principal	136,750	-	-	136,750
Interest	30,107	-	-	30,107
State on-behalf payments	3,289,394	-	-	3,289,394
Program expenditures	-	128,658	5,738,044	5,866,702
Capital outlay	-	-	1,120,271	1,120,271
TOTAL EXPENDITURES	40,627,744	128,658	6,858,315	47,614,717
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,191,110	133,412	(1,129,926)	1,194,596
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,786,244	2,786,244
Transfers (out)	(2,398,389)	-	(387,855)	(2,786,244)
TOTAL OTHER FINANCING SOURCES (USES)	(2,398,389)	-	2,398,389	-
NET CHANGE IN FUND BALANCES	(207,279)	133,412	1,268,463	1,194,596
FUND BALANCES - JULY 1	3,844,390	337,521	3,471,257	7,653,168
FUND BALANCES - JUNE 30	\$ 3,637,111	\$ 470,933	\$ 4,739,720	\$ 8,847,764

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, 2023

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,194,596</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,214,414
Depreciation expense	<u>(1,275,382)</u>
	(60,968)
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>(3,818)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(488,535)</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>497,231</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>59,560</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>(74,853)</u>
	(74,853)
Change in net position of governmental activities (Statement B)	<u>\$ 1,123,213</u>

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

ADDISON CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2023

	<u>Private-Purpose Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 21,870
Investments	<u>1,715,672</u>
TOTAL ASSETS	<u>\$ 1,737,542</u>
LIABILITIES	
Due to other funds	<u>\$ 9,010</u>
TOTAL LIABILITIES	<u>\$ 9,010</u>
NET POSITION	
Restricted	<u>\$ 1,728,532</u>
TOTAL NET POSITION	<u>\$ 1,728,532</u>

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

ADDISON CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Private-Purpose Trust Funds Total
ADDITIONS	
Interest income	\$ 40,415
Total additions	40,415
DEDUCTIONS	
Distributions	52,403
Total deductions	52,403
Change in net position	(11,988)
NET POSITION - JULY 1	1,740,520
NET POSITION - JUNE 30	\$ 1,728,532

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

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 96 "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 "Omnibus 2022". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. 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.

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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds:

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

Nonmajor Funds:

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

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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	\$ 39,529,460
Add: On-behalf payments	3,289,394
Total GAAP basis	<u>\$ 42,818,854</u>
Expenditures per budgetary basis	\$ 39,736,739
Add: On-behalf basis	3,289,394
Total GAAP basis	<u>\$ 43,026,133</u>

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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$1,017,977 for the year ended June 30, 2023.

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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPEB

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

Net Position

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

Fund Balance

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

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

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

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District currently has one type of this item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred 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

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2023, the School District's cash and cash equivalents balance of \$8,469,325 was comprised of bank deposits and cash equivalents of \$9,215,285. 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, \$266,708 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk. \$51,166 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 \$8,897,411 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	\$ 9,164,119
Cash equivalents	51,166
	<u>\$ 9,215,285</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 \$890,310 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, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2023, the School District's investments of \$1,718,124 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 \$252,452 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk. \$265,917 were insured by NCUSIF and the remaining balance of \$371,941 was collateralized with securities held by the financial institution in the School District's name. \$500,000 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 \$327,814 was uninsured and uncollateralized.

At June 30, 2023, 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	\$ 163,805	\$ -	\$ -	\$ 163,805	\$ -
Common stock	481,404	481,404	-	-	-
Mutual funds	174,106	174,106	-	-	-
Real estate investment trusts	8,499	8,499	-	-	-
	<u>\$ 827,814</u>	<u>\$ 664,009</u>	<u>\$ -</u>	<u>\$ 163,805</u>	<u>\$ -</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, 2023:

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

		Fair Value Measurements Using		
	June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
	Total			
<u>Investments by fair value level</u>				
Debt securities:				
U.S. Agency Securities	\$ 163,805	\$ -	\$ 163,805	\$ -
Total debt securities	163,805	-	163,805	-
Equity securities:				
Common stock - domestic	481,404	481,404	-	-
Mutual funds - domestic and foreign	174,106	174,106	-	-
Real estate investment trusts	8,499	8,499	-	-
Total equity securities	664,009	664,009	-	-
Total investments by fair value level	827,814	\$ 664,009	\$ 163,805	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	51,166			
Total cash equivalents measured at the NAV	51,166			
Total investments and cash equivalents measured at fair value	\$ 878,980			

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, 2023 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 \$890,310 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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 770,260	\$ 5,347,256
Medicaid IEP Fund	470,933	-
Nonmajor Special Revenue Funds	2,654,956	770,260
Nonmajor Capital Projects Funds	2,221,367	-
	<u>\$ 6,117,516</u>	<u>\$ 6,117,516</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.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2023 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ 2,398,389	\$ -
Nonmajor Special Revenue Funds	387,855	463,145
Nonmajor Capital Projects Funds	-	2,323,099
	<u>\$ 2,786,244</u>	<u>\$ 2,786,244</u>

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

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance 7/1/22	Additions	Disposals	Balance 6/30/23
<u>Governmental activities:</u>				
Non-depreciated assets:				
Construction in progress	\$ -	\$ 71,854	\$ -	\$ 71,854
	-	71,854	-	71,854
Depreciated assets:				
Land improvements	729,095	-	-	729,095
Buildings and improvements	31,662,123	142,954	-	31,805,077
Furniture and fixtures	372,266	41,530	-	413,796
Infrastructure	593,802	-	-	593,802
Machinery and equipment	3,608,706	299,274	-	3,907,980
Vehicles	146,785	170,267	-	317,052
Right of use lease assets	197,597	488,535	-	686,132
	37,310,374	1,142,560	-	38,452,934
Less: accumulated depreciation				
Land improvements	(451,420)	(32,719)	-	(484,139)
Buildings and improvements	(18,219,186)	(625,085)	-	(18,844,271)
Furniture and fixtures	(175,742)	(22,781)	-	(198,523)
Infrastructure	(334,076)	(30,485)	-	(364,561)
Machinery and equipment	(2,677,697)	(216,946)	-	(2,894,643)
Vehicles	(98,953)	(16,373)	-	(115,326)
Right of use lease assets	(65,173)	(330,993)	-	(396,166)
	(22,022,247)	(1,275,382)	-	(23,297,629)
Net capital assets	\$ 15,288,127	\$ (60,968)	\$ -	\$ 15,227,159
<u>Current year depreciation:</u>				
Direct services			\$ 397,684	
Support services - staff			39,213	
Support services - students			66,821	
Support services - fiscal			1,469	
Support services - general admin.			107,694	
Program expenditures - food service			12,999	
Operations and maintenance			645,222	
Transportation			4,280	
Total depreciation expense			\$ 1,275,382	

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 6 - SHORT-TERM DEBT

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. 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, 2023:

	Balance 7/1/22	Additions	Deletions	Balance 6/30/23	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 1,031,000	\$ -	\$ (136,750)	\$ 894,250	\$ 296,750
Notes from direct borrowings payable	30,823	-	(29,057)	1,766	1,766
Lease liability	132,424	488,535	(331,424)	289,535	127,886
	<u>\$ 1,194,247</u>	<u>\$ 488,535</u>	<u>\$ (497,231)</u>	<u>\$ 1,185,551</u>	<u>\$ 426,402</u>

The following is a summary of the bonds payable, notes from direct borrowings payable and lease liabilities as of June 30, 2023:

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.

\$ 105,000

\$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.

500,000

\$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.

160,000

\$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.

129,250

Total bonds payable

\$ 894,250

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Notes from direct borrowings payable:

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.

\$ 1,766

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.

\$ 396

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.

62,400

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.

4,456

Addison Central School District in 2023 entered into a \$68,907 lease agreement with First Western Equipment Finance for a Robotic Floor Scrubber. Payments are made monthly in the amount of \$1,914 with a maturity date in July of 2025. No interest.

47,852

Addison Central School District in 2023 entered into a \$419,628 lease agreement with TEQ Lease, Inc. for Camera's and Environmental Sensors. The fixed interest rate is 5.55% per annum and payments are made annually in the amount of \$49,822 with a maturity date in August of 2026.

174,431

Total lease liability

\$ 289,535

Total bonds payable, notes from direct borrowings payable and lease liability \$ 1,185,551

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.

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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 7 - LONG-TERM DEBT (CONTINUED)

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	
2024	\$ 136,750	\$ 30,720	\$ 1,766	\$ 9	\$ 127,886	\$ 9,681	\$ 169,245
2025	136,750	25,601	-	-	67,318	7,453	162,351
2026	136,750	20,801	-	-	47,129	5,102	157,551
2027	101,750	16,563	-	-	47,202	2,620	118,313
2028	61,750	13,431	-	-	-	-	75,181
2029-2033	308,750	31,132	-	-	-	-	339,882
2034-2038	11,750	28	-	-	-	-	11,778
	<u>\$ 894,250</u>	<u>\$ 138,276</u>	<u>\$ 1,766</u>	<u>\$ 9</u>	<u>\$ 289,535</u>	<u>\$ 24,856</u>	<u>\$ 1,034,301</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, 2023:

	Balance 7/1/22	Additions	Deletions	Balance 6/30/23	Current Portion
<u>Governmental activities:</u>					
Net pension liability	<u>\$ 100,693</u>	<u>\$ 93,617</u>	<u>\$ (18,764)</u>	<u>\$ 175,546</u>	<u>\$ -</u>

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

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, 2023:

Invested in capital assets	\$ 38,524,788
Accumulated depreciation	(23,297,629)
Outstanding capital related debt	(1,185,551)
	<u>\$ 14,041,608</u>

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

At June 30, 2023, the School District had the following restricted net position and restricted fund balances:

Medicaid IEP fund	\$ 470,933
Nonmajor special revenue funds (Schedule E)	2,991,217
Nonmajor permanent funds (Schedule I)	5,602
	<u>\$ 3,467,752</u>

NOTE 11 - NONSPENDABLE FUND BALANCES

At June 30, 2023, the School District had the following nonspendable fund balances:

General fund:	
Prepaid Items	\$ 73,619
Nonmajor special revenue funds (Schedule E):	21,686
	<u>\$ 95,305</u>

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2023, the School District had the following committed fund balances:

Nonmajor capital projects funds (Schedule G)	<u>\$ 1,781,535</u>
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NOTE 13 - ASSIGNED FUND BALANCE

At June 30, 2023, the School Department had the following assigned fund balance:

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

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 - DEFICIT FUND BALANCES

The following funds had deficit fund balances as of June 30, 2023:

Nonmajor special revenue funds (Schedule E):

Title IIA	39
Food service equipment grants	3,479
Miscellaneous grant - MUHS	27,511
Food service programs	2,570
ACP program grades 9-12	4,670
MUHS athletics	365
	\$ 38,634

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, 2021 (the most recent period available), the retirement system consisted of 23,887 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 and updated to reflect Act 114 and Act 173, effective on July 1, 2022 and contained numerous changes to the plan benefits available to current and future members, as well as a change in access to health care coverage after retirement, resulting from a multi-party agreement to provide sustainability of quality pension and retiree health benefits for Vermont teachers.

The general administration and responsibility for formulating administrative policy and procedures of the retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of six members. They are the Secretary of Education (ex-officio); the State Treasurer (ex-officio); the Commissioner of Financial Regulation (ex-officio); two members and one alternate elected by active members of the System

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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:

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

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VSTRS	Group A	Group C - Group # 1	Group C - Group # 2
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:

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

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 \$3,289,394 or 20.99% 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	Based on earnable compensation \$0-\$40K is 6.0%, \$40K-\$50K is 6.05%, \$50K-\$60K is 6.10%, \$60K-\$70K is 6.20%, \$70K-\$80K is 6.25% \$80K-\$90K is 6.35% \$90K-\$100K is 6.50% \$100K+ is 6.65%

Employee contributions totaled \$978,123 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 \$15,671,242 for the year ended June 30, 2023. 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, 2023 were \$251,409. The School District's total payroll for all federally funded employees covered under this plan was \$1,197,761 for the year ended June 30, 2023.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2021 (the most recent data available), the retirement system consisted of 16,158 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, 2023

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, 2023

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, 2022 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	3.500% of gross salary	5.875% of gross salary	11.000% of gross salary	12.350% of gross salary
Employer Contributions	5.000% of gross salary	6.500% of gross salary	8.250% of gross salary	10.850% 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, 2023 totaled \$11,007. The School District contributed \$14,946 for the year ended June 30, 2023. The School District's total payroll for the year ended June 30, 2023 for all employees covered under this plan was \$314,498.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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, 2023. 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>39,801,807</u>
Total	<u>\$ 39,801,807</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, 2022, 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, 2022, the School District's proportion was 2.06381%, which was a decrease of 0.03104% from its proportion measured as of June 30, 2021.

VMERS Plan

At June 30, 2023, 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, 2022, the School District's proportion was 0.05786% for VMERS, which was a decrease of 0.01055% from its proportion measured as of June 30, 2021 for VMERS.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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, 2023, the School District recognized pension expense of \$4,414,548 and revenue of \$4,414,548 for support provided by the State of Vermont for the VSTRS plan. In the same period, the School District recognized net pension expense of \$19,111 for the VMERS plan. At June 30, 2023, 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	\$ -	\$ -	\$ 13,184	\$ -
Changes of assumptions	-	-	8,975	-
Net difference between projected and actual earnings on pension plan investments	-	-	28,500	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	44,122
Contributions subsequent to the measurement date	-	-	14,946	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,605</u>	<u>\$ 44,122</u>

\$14,946 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VSTRS	VMERS
Plan year ended June 30:		
2023	\$ -	\$ (3,618)
2024	-	(979)
2025	-	(2,881)
2026	-	14,013
2027	-	-
Thereafter	-	-

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 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 3.55% 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

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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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.

Healthy Post-Retirement - Beneficiaries:

- Groups A/B/C - 70% Pub-2010 Contingent Survivor Amount-Weighted below-median and 30% of Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019.
- Group D - Pub-2010 Contingent Survivor 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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

Cost-of-Living Adjustments VSTRS:

For active Group C members who are first eligible for normal retirement on or after July 1, 2022:

- Assumed to occur on January 1 following two years of retirement at the rate of 1.20% per annum (beginning two years after the attainment of age 62 for members who elect reduced early retirement). The January 1, 2023, COLA was 2.00%*.

*This amount was required to be calculated in 2023 as a result of Act 114 and Act 173; however, it will not be applied to any members in 2023.

For all other members:

- Group A - Assumed to occur on January 1 following one year of retirement at the rate of 2.40% per annum. The January 1, 2022, COLA was 4.60%. The January 1, 2023, COLA was 5.00%.
- Group B/C – Assumed to occur on January 1 following one year of retirement at the rate of 1.35% per annum (beginning one year after the attainment of age 62 or Group C members who elect reduced early retirement). The January 1, 2022, COLA was 2.30%. The January 1, 2023, COLA was 2.50%.

Cost-of-Living Adjustments VMERS:

Assumed to occur on January 1 following one year of retirement 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 at Normal Retirement eligibility age for members who elect reduced

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2022 COLA is 2.00% for Group A members and 2.30% for Group B, C and D members. The January 1, 2023 COLA is 2.00% for Group A members and 3.00% for Group B, C and D members.

Amortization method: For VSTRS, amortization payments are calculated to fully fund unfunded actuarial accrued liability with annual increases of 3% over a closed period. The remaining amortization period is 18 years as of July 1, 2020.

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 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.

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Passive Global Equities	24.00%	4.30%
Active Global Equities	5.00%	4.30%
US Equity - Large Cap	4.00%	3.25%
US Equity - Small/Mid Cap	3.00%	3.75%
Non-US Developed Market Equities	7.00%	5.00%
Private Equity	10.00%	6.50%
Emerging Markets Debt	4.00%	3.50%
Private and Alternative Credit	10.00%	4.75%
Non-Core Real Estate	4.00%	6.00%
Core Fixed Income	19.00%	0.00%
Core Real Estate	3.00%	3.50%
US TIPS	3.00%	-0.50%
Infrastructure/Farmland	4.00%	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.

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:

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	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	\$ 263,047	\$ 175,546	\$ 103,572

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/annual-comprehensive-financial-report).

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

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2021, the Plan consisted of 7,280 retired members or beneficiaries currently receiving benefits and 9,955 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, 2023

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, 2023

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

at June 30, 2023. 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>14,307,256</u>
Total	<u>\$ 14,307,256</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, 2022, 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, 2022, the School District's proportion was 1.99307% which was a decrease of 0.07926% from its proportion measured as of June 30, 2021.

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

For the year ended June 30, 2023, the School District recognized total OPEB expense of \$2,671,979 and revenue of \$2,671,979 for support provided by the State of Vermont for the Plan. At June 30, 2023, 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, 2023

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:	
2023	\$ -
2024	-
2025	-
2026	-
2027	-
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	6.00%	7.00%	8.00%
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 2022 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, 2023

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, 2022, 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, 2022, there is 26 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, 2022, are summarized below:

ADDISON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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%	4.30%
Active Global Equities	5.00%	4.30%
US Equity - Large Cap	4.00%	3.25%
US Equity - Small/Mid Cap	3.00%	3.75%
Non-US Developed Market Equities	7.00%	5.00%
Emerging Markets Debt	4.00%	3.50%
Core Bonds	19.00%	0.00%
Private and Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	3.00%	3.50%
Non-Core Real Estate	4.00%	6.00%
Private Equity	10.00%	4.75%
Infrastructure/Farmland	4.00%	4.25%
Total	100.00%	

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, 2022, they are as follows:

Discount Rate	7.000%
Salary Increase Rate	Varies by age
Non-Medicare	7.120% graded to 4.50% over 12 years
Medicare	6.50% graded to 4.50% over 12 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, 2023

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, 2022 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-six years as of July 1, 2022. For the fiscal year ended June 30, 2022, the discount rate was increased from 2.20% to 7.00%.

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, 2023. 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, 2023

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 \$11,004 in 2023, \$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, 2023

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, 2023 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, 2023. 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 - SUBSEQUENT EVENT

On July 1, 2023, 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 2024 fiscal year. The note allows principal draws up to \$3,125,422 at a 3.00% fixed interest rate per annum with a maturity date of June 30, 2024.

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, 2023

	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	\$ 3,844,390	\$ 3,844,390	\$ 3,844,390	\$ -	\$ 1,239,254	\$ 1,239,254	\$ 1,239,254	\$ -	\$ 5,083,644	\$ 5,083,644	\$ 5,083,644	\$ -
Resources (Inflows):												
Intergovernmental:												
State education spending grant	34,563,318	34,563,318	34,580,735	17,417	-	-	-	-	34,563,318	34,563,318	34,580,735	17,417
Other	3,451,145	3,451,145	3,790,679	339,534	6,181,577	6,181,577	5,107,660	(1,073,917)	9,632,722	9,632,722	8,898,339	(734,383)
Tuition	838,419	838,419	1,045,770	207,351	-	-	-	-	838,419	838,419	1,045,770	207,351
Interest income	8,500	8,500	23,622	15,122	41,700	41,700	36,632	(5,068)	50,200	50,200	60,254	10,054
Miscellaneous	94,600	94,600	88,654	(5,946)	575,598	575,598	53,500	(522,098)	670,198	670,198	142,154	(528,044)
Transfers from other funds	-	-	-	-	277,528	277,528	263,145	(14,383)	277,528	277,528	263,145	(14,383)
Total Inflows	38,955,982	38,955,982	39,529,460	573,478	7,076,403	7,076,403	5,460,937	(1,615,466)	46,032,385	46,032,385	44,990,397	(1,041,988)
Amounts Available for Appropriation	42,800,372	42,800,372	43,373,850	573,478	8,315,657	8,315,657	6,700,191	(1,615,466)	51,116,029	51,116,029	50,074,041	(1,041,988)
Charges to Appropriations (Outflows):												
Current:												
Regular programs	19,467,614	19,467,614	18,525,897	941,717	-	-	-	-	19,467,614	19,467,614	18,525,897	941,717
Special education	4,441,486	4,441,486	3,977,651	463,835	-	-	-	-	4,441,486	4,441,486	3,977,651	463,835
Support services	5,190,908	5,190,908	4,726,314	464,594	-	-	-	-	5,190,908	5,190,908	4,726,314	464,594
Administration	4,685,604	4,685,604	4,588,841	96,763	-	-	-	-	4,685,604	4,685,604	4,588,841	96,763
Operations and maintenance	3,355,989	3,355,989	3,732,542	(376,553)	-	-	-	-	3,355,989	3,355,989	3,732,542	(376,553)
Transportation	1,567,018	1,567,018	1,620,248	(53,230)	-	-	-	-	1,567,018	1,567,018	1,620,248	(53,230)
Program expenditures	-	-	-	-	6,874,165	6,874,165	5,158,414	1,715,751	6,874,165	6,874,165	5,158,414	1,715,751
Debt service:												
Principal	136,750	136,750	136,750	-	-	-	-	-	136,750	136,750	136,750	-
Interest	35,323	35,323	30,107	5,216	-	-	-	-	35,323	35,323	30,107	5,216
Transfers to other funds	75,290	75,290	2,398,389	(2,323,099)	202,238	202,238	187,855	14,383	277,528	277,528	2,586,244	(2,308,716)
Total Charges to Appropriations	38,955,982	38,955,982	39,736,739	(780,757)	7,076,403	7,076,403	5,346,269	1,730,134	46,032,385	46,032,385	45,083,008	949,377
Budgetary Fund Balance, June 30	\$ 3,844,390	\$ 3,844,390	\$ 3,637,111	\$ (207,279)	\$ 1,239,254	\$ 1,239,254	\$ 1,353,922	\$ 114,668	\$ 5,083,644	\$ 5,083,644	\$ 4,991,033	\$ (92,611)

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*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>VSTRS:</u>									
Proportion of the net pension liability	2.06%	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	39,801,807	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>\$ 39,801,807</u>	<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	\$ 15,559,294	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	54.81%	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	0.06%	0.07%	0.11%	0.13%	0.19%	0.16%	0.17%	0.16%	0.16%
Proportionate share of the net pension liability	\$ 175,546	\$ 100,693	\$ 197,429	\$ 176,163	\$ 185,452	\$ 231,032	\$ 208,236	\$ 127,341	\$ 15,023
Covered payroll	\$ 304,792	\$ 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	57.60%	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	73.60%	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*

	2023	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	\$ 15,671,242	\$ 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%	0.00%
<u>VMERS:</u>									
Contractually required contribution	\$ 14,946	\$ 14,478	\$ 15,211	\$ 16,175	\$ 19,507	\$ 23,091	\$ 26,660	\$ 24,592	\$ 22,910
Contributions in relation to the contractually required contribution	(14,946)	(14,478)	(15,211)	(16,175)	(19,507)	(23,091)	(26,660)	(24,592)	(22,910)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 314,498	\$ 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%	4.75%	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*

	2023	2022	2021	2020	2019	2018
<u>VSTRS OPEB Plan:</u>						
Proportion of the net OPEB liability School District's proportionate share of the net OPEB liability	1.99%	2.07%	2.05%	1.98%	2.09%	1.74%
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the School District	14,307,256	26,434,436	25,806,360	20,608,979	19,927,945	16,217,031
Total	<u>\$ 14,307,256</u>	<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	\$ 15,559,294	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	5.34%	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*

	2023	2022	2021	2020	2019	2018
<u>VSTRS OPEB Plan:</u>						
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 15,671,242	\$ 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%	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, 2023

Changes of Assumptions

VSTRS Pension Plan:

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

VMERS Pension Plan:

The January 1, 2023 COLA assumption was increased from 2.00% to 3.00% for Groups B, C and D members.

VSTRS OPEB Plan:

The discount rate was increased from 2.20% to 7.00%.

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

The assumed health trend rates were modified.

The percentage of future retirees at retirement assumed to have an eligible spouse who also opts for health coverage was increased from 40% to 60% for males and 25% to 40% for females.

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

Other Supplementary Information

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

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

SCHEDULE A

ADDISON CENTRAL SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Intergovernmental Revenues:				
State education spending grant	\$ 34,067,023	\$ 34,067,023	\$ 34,067,023	\$ -
Vocational base payment	496,295	496,295	513,712	17,417
Act 173 Census block grant	2,276,209	2,276,209	2,349,758	73,549
SEER	364,973	364,973	586,337	221,364
Transportation aid	300,000	300,000	339,661	39,661
Small schools grant	474,113	474,113	474,113	-
Driver education	12,000	12,000	11,659	(341)
Forest	20,000	20,000	19,679	(321)
Other	3,850	3,850	9,472	5,622
Tuition:				
Regular education	741,916	741,916	815,325	73,409
After school program	2,500	2,500	-	(2,500)
Excess costs for SPED	94,003	94,003	230,445	136,442
Interest income	8,500	8,500	23,622	15,122
Miscellaneous:				
Rental:				
Other	9,000	9,000	4,990	(4,010)
Prior year adjustments	65,000	65,000	61,424	(3,576)
Miscellaneous	20,600	20,600	22,240	1,640
Amounts Available for Appropriation	<u>\$ 38,955,982</u>	<u>\$ 38,955,982</u>	<u>\$ 39,529,460</u>	<u>\$ 573,478</u>

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

SCHEDULE B

ADDISON CENTRAL SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Regular programs -				
MUHS:				
Direct instruction	\$ 4,626,547	\$ 4,626,547	\$ 4,436,387	\$ 190,160
Interdisciplinary	24,728	24,728	15,321	9,407
Band	24,900	24,900	23,933	967
Choir	10,200	10,200	10,166	34
English	28,930	28,930	23,747	5,183
Driver education	9,538	9,538	4,244	5,294
Physical education	11,700	11,700	10,009	1,691
Diploma program	66,500	66,500	46,005	20,495
Tech education	13,850	13,850	13,907	(57)
Math	12,475	12,475	9,533	2,942
Science	42,061	42,061	27,888	14,173
Reading				-
Social studies	8,336	8,336	4,288	4,048
Community service	1,100	1,100	327	773
Summer school	24,750	24,750	26,583	(1,833)
Pre-K program				-
Business education	7,300	7,300	11,139	(3,839)
Living arts/health	7,100	7,100	2,813	4,287
MYP	3,325	3,325	3,215	110
Learning lab	4,420	4,420	1,327	3,093
Alternative ed	75,000	75,000	17,170	57,830
Vocational	1,221,482	1,221,482	1,218,261	3,221
Athletics	681,442	681,442	767,255	(85,813)
Co-curricular	116,125	116,125	9,943	106,182
MUMS:				
Direct instruction	3,012,882	3,012,882	3,144,821	(131,939)
Art	4,849	4,849	4,852	(3)
Band	5,400	5,400	4,649	751
Choir	2,600	2,600	2,604	(4)
English	6,399	6,399	2,546	3,853
Foreign language	2,400	2,400	1,688	712
Physical education	6,251	6,251	6,232	19
Math	4,399	4,399	2,717	1,682
Health education	149	149	-	149
Science	6,400	6,400	5,516	884
Social studies	4,400	4,400	4,395	5
Summer school	21,140	21,140	-	21,140
Learning lab	6,800	6,800	4,568	2,232
SPED - local reg ed portion	279,235	279,235	187,980	91,255
Athletics	92,025	92,025	146,818	(54,793)
Co-curricular	49,125	49,125	667	48,458

SCHEDULE B (CONTINUED)
ADDISON CENTRAL SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Regular programs (continued) -				
Cornwall:				
Direct instruction	880,661	880,661	799,165	81,496
SPED - local reg ed portion	750	750	2,754	(2,004)
Mary Hogan:				
Direct instruction	3,758,609	3,758,609	3,484,183	274,426
Pre-K program	4,091	4,091	-	4,091
SPED - local reg ed portion	224,674	224,674	164,282	60,392
Bridport:				
Direct instruction	547,690	547,690	548,890	(1,200)
Pre-K program	107,215	107,215	142,650	(35,435)
SPED - local reg ed portion	5,900	5,900	309	5,591
Weybridge:				
Direct instruction	417,526	417,526	422,318	(4,792)
SPED - local reg ed portion	28,359	28,359	30,204	(1,845)
Shoreham:				
Direct instruction	842,140	842,140	754,162	87,978
SPED - local reg ed portion	12,223	12,223	60,562	(48,339)
Salisbury:				
Direct instruction	662,922	662,922	666,183	(3,261)
Pre-K program	43,461	43,461	47,310	(3,849)
SPED - local reg ed portion	7,100	7,100	1,324	5,776
Ripton:				
Direct instruction	473,027	473,027	472,106	921
SPED - local reg ed portion	4,100	4,100	320	3,780
Athletics	17,379	17,379	757	16,622
ELL - district-wide	229,477	229,477	219,688	9,789
Shared personnel - district-wide	226,187	226,187	49,873	176,314
Universal pre-k - district-wide	447,860	447,860	455,343	(7,483)
	19,467,614	19,467,614	18,525,897	941,717
Support services -				
MUHS:				
Guidance	729,646	729,646	618,710	110,936
School to career	800	800	-	800
Prevention	13,400	13,400	11,793	1,607
Health	163,145	163,145	164,167	(1,022)
Media	187,130	187,130	188,927	(1,797)
Technology	97,635	97,635	94,174	3,461
Occupational therapy	8,590	8,590	-	8,590
Physical therapy	4,000	4,000	-	4,000
MUMS:				
Guidance	391,258	391,258	322,111	69,147
Health	142,465	142,465	169,541	(27,076)
Occupational therapy	5,000	5,000	3,154	1,846
Physical therapy	2,000	2,000	-	2,000
Other support services	45,500	45,500	155,664	(110,164)
Technology	6,878	6,878	843	6,035
Media	79,415	79,415	78,994	421

SCHEDULE B (CONTINUED)
ADDISON CENTRAL SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Support services (continued) -				
Cornwall:				
Support services - reg ed	10,635	10,635	14,158	(3,523)
Guidance	21,834	21,834	21,149	685
Health	30,610	30,610	31,535	(925)
Media	43,926	43,926	30,740	13,186
Mary Hogan:				
Support services - reg ed	220,200	220,200	50,480	169,720
Guidance	443,422	443,422	134,436	308,986
Health	79,125	79,125	79,517	(392)
Media	143,984	143,984	146,578	(2,594)
Bridport:				
Support services - reg ed	6,600	6,600	4,413	2,187
Guidance	119,021	119,021	86,723	32,298
Health	20,580	20,580	20,581	(1)
Media	15,868	15,868	14,890	978
Weybridge:				
Support services - reg ed	2,000	2,000	1,597	403
Guidance	21,233	21,233	17,945	3,288
Health	10,292	10,292	10,291	1
Media	53,474	53,474	48,724	4,750
Shoreham:				
Support services - reg ed	6,450	6,450	1,870	4,580
Guidance	27,114	27,114	41,098	(13,984)
Health	20,580	20,580	20,581	(1)
Media	29,175	29,175	29,629	(454)
Salisbury:				
Support services - reg ed	3,900	3,900	1,113	2,787
Guidance	71,272	71,272	41,935	29,337
Health	30,610	30,610	29,730	880
Media	62,545	62,545	59,378	3,167
Ripton:				
Support services - reg ed	6,500	6,500	1,735	4,765
Guidance	21,834	21,834	21,283	551
Health	15,305	15,305	14,413	892
Media	29,459	29,459	7,238	22,221
Professional development - district-wide	441,497	441,497	404,899	36,598
Curriculum - district-wide	173,298	173,298	277,717	(104,419)
Safety - district-wide	-	-	81,500	(81,500)
Technology department - district-wide	1,131,703	1,131,703	1,170,360	(38,657)
	5,190,908	5,190,908	4,726,314	464,594

SCHEDULE B (CONTINUED)
ADDISON CENTRAL SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Administration -				
Central office - district-wide	1,706,630	1,706,630	1,719,945	(13,315)
Board of education - district-wide	471,782	471,782	508,537	(36,755)
MUHS	640,893	640,893	470,051	170,842
MUMS	489,230	489,230	504,019	(14,789)
Cornwall	174,514	174,514	179,853	(5,339)
Mary Hogan	401,534	401,534	410,709	(9,175)
Bridport	195,808	195,808	202,115	(6,307)
Weybridge	109,058	109,058	97,328	11,730
Shoreham	178,436	178,436	200,892	(22,456)
Salisbury	198,611	198,611	187,111	11,500
Ripton	119,108	119,108	104,242	14,866
Prior year adjustments	-	-	4,039	(4,039)
	<u>4,685,604</u>	<u>4,685,604</u>	<u>4,588,841</u>	<u>96,763</u>
Operations and maintenance -				
Facilities department - district-wide	512,558	512,558	635,195	(122,637)
MUHS	1,177,745	1,177,745	1,287,344	(109,599)
MUMS	467,740	467,740	607,614	(139,874)
Cornwall	102,066	102,066	113,172	(11,106)
Mary Hogan	591,017	591,017	585,518	5,499
Bridport	109,602	109,602	146,795	(37,193)
Weybridge	76,471	76,471	83,451	(6,980)
Shoreham	92,223	92,223	110,685	(18,462)
Salisbury	188,531	188,531	115,339	73,192
Ripton	38,036	38,036	47,429	(9,393)
	<u>3,355,989</u>	<u>3,355,989</u>	<u>3,732,542</u>	<u>(376,553)</u>
Transportation -				
District-wide	1,309,423	1,309,423	1,268,715	40,708
MUHS	112,400	112,400	182,157	(69,757)
MUMS	87,500	87,500	123,461	(35,961)
Cornwall	2,000	2,000	1,986	14
Mary Hogan	39,000	39,000	39,099	(99)
Bridport	3,000	3,000	2,727	273
Shoreham	11,895	11,895	1,347	10,548
Salisbury	1,500	1,500	537	963
Ripton	300	300	219	81
	<u>1,567,018</u>	<u>1,567,018</u>	<u>1,620,248</u>	<u>(53,230)</u>

SCHEDULE B (CONTINUED)
ADDISON CENTRAL SCHOOL DISTRICT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Special education	4,441,486	4,441,486	3,977,651	463,835
Debt service -				
Principal - MUHS	24,400	24,400	24,400	-
Interest - MUHS	3,549	3,549	3,549	-
Principal - MUMS	65,600	65,600	65,600	-
Interest - MUMS	21,356	21,356	16,139	5,217
Principal - Bridport	35,000	35,000	35,000	-
Interest - Bridport	4,872	4,872	4,873	(1)
Principal - Ripton	11,750	11,750	11,750	-
Interest - Ripton	5,546	5,546	5,546	-
	172,073	172,073	166,857	5,216
Transfers to other funds -				
Capital reserve fund	75,290	75,290	2,398,389	(2,323,099)
	75,290	75,290	2,398,389	(2,323,099)
TOTAL DEPARTMENTAL OPERATIONS	\$ 38,955,982	\$ 38,955,982	\$ 39,736,739	\$ (780,757)

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

SCHEDULE C

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 347,115	\$ -	\$ 3,150	\$ 350,265
Investments	-	-	2,452	2,452
Accounts receivable (net of uncollectible allowance)	2,979	-	-	2,979
Due from other governments	859,798	-	-	859,798
Inventory	14,760	-	-	14,760
Due from other funds	2,654,956	2,221,367	-	4,876,323
TOTAL ASSETS	<u>\$ 3,886,534</u>	<u>\$ 2,221,367</u>	<u>\$ 5,602</u>	<u>\$ 6,113,503</u>
LIABILITIES				
Accrued expenses	\$ 139,684	\$ -	\$ -	\$ 139,684
Due to other funds	770,260	-	-	770,260
TOTAL LIABILITIES	<u>909,944</u>	<u>439,832</u>	<u>-</u>	<u>1,349,776</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	24,007	-	-	24,007
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>24,007</u>	<u>-</u>	<u>-</u>	<u>24,007</u>
FUND BALANCES				
Nonspendable	21,686	-	-	21,686
Restricted	2,991,217	-	5,602	2,996,819
Committed	-	1,781,535	-	1,781,535
Assigned	-	-	-	-
Unassigned (Deficit)	(60,320)	-	-	(60,320)
TOTAL FUND BALANCES	<u>2,952,583</u>	<u>1,781,535</u>	<u>5,602</u>	<u>4,739,720</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,886,534</u>	<u>\$ 2,221,367</u>	<u>\$ 5,602</u>	<u>\$ 6,113,503</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, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 5,243,444	\$ -	\$ -	\$ 5,243,444
Charges for services	32,516	-	-	32,516
Investment income	-	-	11	11
Other income	452,418	-	-	452,418
TOTAL REVENUES	<u>5,728,378</u>	<u>-</u>	<u>11</u>	<u>5,728,389</u>
EXPENDITURES				
Other	5,738,044	-	-	5,738,044
Capital outlay	-	1,120,271	-	1,120,271
TOTAL EXPENDITURES	<u>5,738,044</u>	<u>1,120,271</u>	<u>-</u>	<u>6,858,315</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,666)</u>	<u>(1,120,271)</u>	<u>11</u>	<u>(1,129,926)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	463,145	2,323,099	-	2,786,244
Transfers (out)	(387,855)	-	-	(387,855)
TOTAL OTHER FINANCING SOURCES (USES)	<u>75,290</u>	<u>2,323,099</u>	<u>-</u>	<u>2,398,389</u>
NET CHANGE IN FUND BALANCES	65,624	1,202,828	11	1,268,463
FUND BALANCES - JULY 1	<u>2,886,959</u>	<u>578,707</u>	<u>5,591</u>	<u>3,471,257</u>
FUND BALANCES - JUNE 30	<u>\$ 2,952,583</u>	<u>\$ 1,781,535</u>	<u>\$ 5,602</u>	<u>\$ 4,739,720</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, 2023

	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)	-	-	-	-	-	-	-
Due from other governments	-	-	84,384	3,965	157,525	44,603	112,555
Inventory	-	-	-	-	-	-	-
Due from other funds	2,536	308	-	-	-	-	-
TOTAL ASSETS	\$ 2,536	\$ 308	\$ 84,384	\$ 3,965	\$ 157,525	\$ 44,603	\$ 112,555
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	14,343	932	15,421	2,635	10,406
Due to other funds	-	-	70,041	3,033	142,104	41,953	102,188
TOTAL LIABILITIES	-	-	84,384	3,965	157,525	44,588	112,594
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	2,536	308	-	-	-	15	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(39)
TOTAL FUND BALANCES (DEFICITS)	2,536	308	-	-	-	15	(39)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 2,536	\$ 308	\$ 84,384	\$ 3,965	\$ 157,525	\$ 44,603	\$ 112,555

SCHEDULE E (CONTINUED)

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Food Service Equipment Grant	FFVP Grant	ESSER I Grant	ESSER II Grant	ESSER III Grant	ARP IDEA Grant	ARP IDEA PRE K Grant	EPSDT
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of uncollectible allowance)	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	101,839	186,648	29,829	7,025	-
Inventory	-	-	-	-	-	-	-	-
Due from other funds	-	8,591	-	-	-	-	-	17,380
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 8,591</u>	<u>\$ -</u>	<u>\$ 101,839</u>	<u>\$ 186,648</u>	<u>\$ 29,829</u>	<u>\$ 7,025</u>	<u>\$ 17,380</u>
LIABILITIES								
Accounts payable	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	15,767	22,233	3,958	-	-
Due to other funds	3,479	-	-	86,072	164,415	25,871	7,025	-
TOTAL LIABILITIES	<u>3,479</u>	<u>-</u>	<u>-</u>	<u>101,839</u>	<u>186,648</u>	<u>29,829</u>	<u>7,025</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	-	135	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	8,456	-	-	-	-	-	17,380
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	(3,479)	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>(3,479)</u>	<u>8,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,380</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 8,591</u>	<u>\$ -</u>	<u>\$ 101,839</u>	<u>\$ 186,648</u>	<u>\$ 29,829</u>	<u>\$ 7,025</u>	<u>\$ 17,380</u>

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of uncollectible allowance)	-	-	-	-	-	-	-
Due from other governments	756	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Due from other funds	-	10,734	87,836	1,803	1,733	5,510	6,308
TOTAL ASSETS	\$ 756	\$ 10,734	\$ 87,836	\$ 1,803	\$ 1,733	\$ 5,510	\$ 6,308
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	10,734	-	-	-	-	-
Due to other funds	756	-	-	-	-	-	-
TOTAL LIABILITIES	756	10,734	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	87,836	1,803	1,733	5,510	6,308
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	-	-	87,836	1,803	1,733	5,510	6,308
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 756	\$ 10,734	\$ 87,836	\$ 1,803	\$ 1,733	\$ 5,510	\$ 6,308

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	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	3,922	39,926	-	7,491	11,754	2,508	23,744
TOTAL ASSETS	\$ 3,922	\$ 39,926	\$ -	\$ 7,491	\$ 11,754	\$ 2,508	\$ 23,744
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	1,200	-	-	-	-
Due to other funds	-	-	26,311	-	-	-	-
TOTAL LIABILITIES	-	-	27,511	-	-	-	-
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	3,922	39,926	-	7,491	11,754	2,508	23,744
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	(27,511)	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	3,922	39,926	(27,511)	7,491	11,754	2,508	23,744
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 3,922	\$ 39,926	\$ -	\$ 7,491	\$ 11,754	\$ 2,508	\$ 23,744

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	VEHI Pathpoints	Rowland Foundation	Misc. Grants - Weybridge	Cornwall Playground Fund	Food Service Program	ACP Program Grades 9-12
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of uncollectible allowance)	-	-	-	-	2,979	-
Due from other governments	-	-	-	-	75,254	55,415
Inventory	-	-	-	-	14,760	-
Prepaid items	-	-	-	-	-	6,926
Due from other funds	18,566	8,456	1,681	2,850	-	-
TOTAL ASSETS	\$ 18,566	\$ 8,456	\$ 1,681	\$ 2,850	\$ 92,993	\$ 62,341
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	42,055	-
Due to other funds	-	-	-	-	29,636	67,011
TOTAL LIABILITIES	-	-	-	-	71,691	67,011
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	23,872	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	23,872	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	14,760	6,926
Restricted	18,566	8,456	1,681	2,850	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	(17,330)	(11,596)
TOTAL FUND BALANCES (DEFICITS)	18,566	8,456	1,681	2,850	(2,570)	(4,670)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 18,566	\$ 8,456	\$ 1,681	\$ 2,850	\$ 92,993	\$ 62,341

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Afterschool Program - Salisbury	Brown Bequest	Misc. Grants - Shoreham	Mary Hogan Playground	Health Care Reserve	Educator Reserve
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of uncollectible allowance)	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Due from other funds	52,076	5,151	330	500	-	2,333,262
TOTAL ASSETS	\$ 52,076	\$ 5,151	\$ 330	\$ 500	\$ -	\$ 2,333,262
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	52,076	5,151	330	500	-	2,333,262
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	52,076	5,151	330	500	-	2,333,262
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 52,076	\$ 5,151	\$ 330	\$ 500	\$ -	\$ 2,333,262

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Bridport Enrichment	Cornwall Student Activities	MUHS Athletics	MUHS Student Activities	MUHS Athletic Officials
ASSETS					
Cash and cash equivalents	\$ 14,133	\$ 7,669	\$ 1,001	\$ 270,987	\$ -
Accounts receivable (net of uncollectible allowance)	-	-	-	-	-
Due from other governments	-	-	-	-	-
Inventory	-	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	\$ 14,133	\$ 7,669	\$ 1,001	\$ 270,987	\$ -
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-
Due to other funds	-	-	-	-	365
TOTAL LIABILITIES	-	-	-	-	365
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	14,133	7,669	1,001	270,987	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(365)
TOTAL FUND BALANCES (DEFICITS)	14,133	7,669	1,001	270,987	(365)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 14,133	\$ 7,669	\$ 1,001	\$ 270,987	\$ -

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	MUMS Student Activities	Salisbury Student Activities	Shoreham Student Activities	Weybridge Library	Weybridge Parents Club	Mary Hogan MESA	Total
ASSETS							
Cash and cash equivalents	\$ 16,783	\$ 5,871	\$ 16,625	\$ 5,561	\$ 8,485	\$ -	\$ 347,115
Accounts receivable (net of uncollectible allowance)	-	-	-	-	-	-	2,979
Due from other governments	-	-	-	-	-	-	859,798
Inventory	-	-	-	-	-	-	14,760
Prepaid items	-	-	-	-	-	-	6,926
Due from other funds	-	-	-	-	-	-	2,654,956
TOTAL ASSETS	\$ 16,783	\$ 5,871	\$ 16,625	\$ 5,561	\$ 8,485	\$ -	\$ 3,886,534
LIABILITIES							
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,684
Due to other funds	-	-	-	-	-	-	770,260
TOTAL LIABILITIES	-	-	-	-	-	-	909,944
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	-	-	-	-	-	24,007
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	24,007
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	21,686
Restricted	16,783	5,871	16,625	5,561	8,485	-	2,991,217
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(60,320)
TOTAL FUND BALANCES (DEFICITS)	16,783	5,871	16,625	5,561	8,485	-	2,952,583
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 16,783	\$ 5,871	\$ 16,625	\$ 5,561	\$ 8,485	\$ -	\$ 3,886,534

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, 2023

	Merger Study Committee	Misc State Grants	IDEA-B	IDEA-B Preschool	Title I	Title IV	Title IIA
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 504,450	\$ 15,713	\$ 498,818	\$ 81,508	\$ 184,589
Charges for services	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	504,450	15,713	498,818	81,508	184,589
EXPENDITURES							
Other	-	13,990	504,450	15,713	368,860	63,595	144,606
TOTAL EXPENDITURES	-	13,990	504,450	15,713	368,860	63,595	144,606
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(13,990)	-	-	129,958	17,913	39,983
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	(129,958)	(17,913)	(39,984)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	(129,958)	(17,913)	(39,984)
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(13,990)	-	-	-	-	(1)
FUND BALANCES (DEFICITS) - JULY 1	2,536	14,298	-	-	-	15	(38)
FUND BALANCES (DEFICITS) - JUNE 30	\$ 2,536	\$ 308	\$ -	\$ -	\$ -	\$ 15	\$ (39)

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Food Service Equipment Grant	FFVP Grant	ESSER I Grant	ESSER II Grant	ESSER III Grant	ARP IDEA Grant	ARP IDEA Pre K Grant	EPSDT
REVENUES								
Intergovernmental	\$ -	\$ 8,116	\$ 403,401	\$ 917,290	\$ 824,816	\$ 88,041	\$ 7,025	\$ 28,164
Charges for services	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	8,116	403,401	917,290	824,816	88,041	7,025	28,164
EXPENDITURES								
Other	-	4,337	403,401	917,290	824,816	88,041	7,025	20,188
TOTAL EXPENDITURES	-	4,337	403,401	917,290	824,816	88,041	7,025	20,188
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	3,779	-	-	-	-	-	7,976
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	3,779	-	-	-	-	-	7,976
FUND BALANCES (DEFICITS) - JULY 1	(3,479)	4,677	-	-	-	-	-	9,404
FUND BALANCES (DEFICITS) - JUNE 30	\$ (3,479)	\$ 8,456	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,380

ADDISON CENTRAL SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Local Standards Board	School-wide Programs	Misc. Grants - MUMS	Misc. Grants - Ripton	Ripton Library Fund	VT STARS Award	Misc. Grants - Cornwall
REVENUES							
Intergovernmental	\$ 756	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	-	87,848	-	1,251	-	-
TOTAL REVENUES	756	-	87,848	-	1,251	-	-
EXPENDITURES							
Other	756	187,855	19,035	1,182	-	-	362
TOTAL EXPENDITURES	756	187,855	19,035	1,182	-	-	362
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(187,855)	68,813	(1,182)	1,251	-	(362)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	187,855	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	187,855	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	68,813	(1,182)	1,251	-	(362)
FUND BALANCES (DEFICITS) - JULY 1	-	-	19,023	2,985	482	5,510	6,670
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ -	\$ 87,836	\$ 1,803	\$ 1,733	\$ 5,510	\$ 6,308

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, 2023

	Misc. Grants - Mary Hogan	Gilligan Grant	Misc. Grants - MUHS	Misc. Grants - ACSD	Misc. Grants - Salisbury	Misc. Grants - Bridport	Community Foundation ACEEF
REVENUES							
Intergovernmental	\$ 400	\$ -	\$ 2,000	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	14,367	-	3,925	2,800	-	12,504
TOTAL REVENUES	400	14,367	2,000	3,925	2,800	-	12,504
EXPENDITURES							
Other	390	11,091	3,460	-	2,796	-	18,052
TOTAL EXPENDITURES	390	11,091	3,460	-	2,796	-	18,052
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10	3,276	(1,460)	3,925	4	-	(5,548)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	10	3,276	(1,460)	3,925	4	-	(5,548)
FUND BALANCES (DEFICITS) - JULY 1	3,912	36,650	(26,051)	3,566	11,750	2,508	29,292
FUND BALANCES (DEFICITS) - JUNE 30	\$ 3,922	\$ 39,926	\$ (27,511)	\$ 7,491	\$ 11,754	\$ 2,508	\$ 23,744

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, 2023

	VEHI Pathpoints	Rowland Foundation	Misc. Grants - Weybridge	Cornwall Playground Fund	Food Service Program	ACP Program Grades 9-12
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 1,211,134	\$ 467,223
Charges for services	-	-	-	-	32,516	-
Other income	7,035	-	-	-	8,480	-
TOTAL REVENUES	7,035	-	-	-	1,252,130	467,223
EXPENDITURES						
Other	6,855	-	-	-	1,331,911	471,893
TOTAL EXPENDITURES	6,855	-	-	-	1,331,911	471,893
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	180	-	-	-	(79,781)	(4,670)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	75,290	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	75,290	-
NET CHANGE IN FUND BALANCES (DEFICITS)	180	-	-	-	(4,491)	(4,670)
FUND BALANCES (DEFICITS) - JULY 1	18,386	8,456	1,681	2,850	1,921	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ 18,566	\$ 8,456	\$ 1,681	\$ 2,850	\$ (2,570)	\$ (4,670)

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, 2023

	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	-	1	-	-	-	-
TOTAL EXPENDITURES	-	1	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1)	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	200,000
Transfers (out)	-	-	-	-	(200,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	(200,000)	200,000
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(1)	-	-	(200,000)	200,000
FUND BALANCES (DEFICITS) - JULY 1	52,076	5,152	330	500	200,000	2,133,262
FUND BALANCES (DEFICITS) - JUNE 30	\$ 52,076	\$ 5,151	\$ 330	\$ 500	\$ -	\$ 2,333,262

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, 2023

	Bridport Enrichment	Cornwall Student Activities	MUMS Athletics	MUHS Student Activities	MUHS Athletic Officials
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Other income	-	4,154	12,521	215,502	37,889
TOTAL REVENUES	-	4,154	12,521	215,502	37,889
EXPENDITURES					
Other	1,722	7,409	17,127	148,529	36,298
TOTAL EXPENDITURES	1,722	7,409	17,127	148,529	36,298
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,722)	(3,255)	(4,606)	66,973	1,591
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(1,722)	(3,255)	(4,606)	66,973	1,591
FUND BALANCES (DEFICITS) - JULY 1	15,855	10,924	5,607	204,014	(1,956)
FUND BALANCES (DEFICITS) - JUNE 30	\$ 14,133	\$ 7,669	\$ 1,001	\$ 270,987	\$ (365)

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, 2023

	MUMS Student Activities	Salisbury Student Activities	Shoreham Student Activities	Weybridge Library	Weybridge Parents Club	Mary Hogan MESA	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,243,444
Charges for services	-	-	-	-	-	-	32,516
Other income	23,798	1,292	6,670	284	12,098	-	452,418
TOTAL REVENUES	23,798	1,292	6,670	284	12,098	-	5,728,378
EXPENDITURES							
Other	21,875	560	8,935	26,978	10,148	26,512	5,738,044
TOTAL EXPENDITURES	21,875	560	8,935	26,978	10,148	26,512	5,738,044
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,923	732	(2,265)	(26,694)	1,950	(26,512)	(9,666)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	463,145
Transfers (out)	-	-	-	-	-	-	(387,855)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	75,290
NET CHANGE IN FUND BALANCES (DEFICITS)	1,923	732	(2,265)	(26,694)	1,950	(26,512)	65,624
FUND BALANCES (DEFICITS) - JULY 1	14,860	5,139	18,890	32,255	6,535	26,512	2,886,959
FUND BALANCES (DEFICITS) - JUNE 30	\$ 16,783	\$ 5,871	\$ 16,625	\$ 5,561	\$ 8,485	\$ -	\$ 2,952,583

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, 2023

	Capital Improvement Reserve	Total
ASSETS		
Due from other funds	\$ 2,221,367	\$ 2,221,367
TOTAL ASSETS	<u>\$ 2,221,367</u>	<u>\$ 2,221,367</u>
LIABILITIES		
Accounts payable	\$ 439,832	\$ 439,832
TOTAL LIABILITIES	<u>439,832</u>	<u>439,832</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	-	-
Committed	1,781,535	1,781,535
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>1,781,535</u>	<u>1,781,535</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,221,367</u>	<u>\$ 2,221,367</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, 2023

	Capital Improvement Reserve	Total
REVENUES		
Intergovernmental	\$ -	\$ -
TOTAL REVENUES	-	-
EXPENDITURES		
Capital outlay	1,120,271	1,120,271
TOTAL EXPENDITURES	1,120,271	1,120,271
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,120,271)	(1,120,271)
OTHER FINANCING SOURCES (USES)		
Transfers in	2,323,099	2,323,099
Transfers (out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,323,099	2,323,099
NET CHANGE IN FUND BALANCES	1,202,828	1,202,828
FUND BALANCES - JULY 1	578,707	578,707
FUND BALANCES - JUNE 30	\$ 1,781,535	\$ 1,781,535

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, 2023

	Weeks Scholarship	Gilman Fund	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 3,150	\$ 3,150
Investments	2,452	-	2,452
TOTAL ASSETS	<u>\$ 2,452</u>	<u>\$ 3,150</u>	<u>\$ 5,602</u>
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	2,452	3,150	5,602
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>2,452</u>	<u>3,150</u>	<u>5,602</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,452</u>	<u>\$ 3,150</u>	<u>\$ 5,602</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, 2023

	Weeks Scholarship	Gilman Fund	Total
REVENUES			
Interest income	\$ 7	\$ 4	\$ 11
TOTAL REVENUES	<u>7</u>	<u>4</u>	<u>11</u>
EXPENDITURES			
Other	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	7	4	11
FUND BALANCES - JULY 1	<u>2,445</u>	<u>3,146</u>	<u>5,591</u>
FUND BALANCES - JUNE 30	<u>\$ 2,452</u>	<u>\$ 3,150</u>	<u>\$ 5,602</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, 2023

	McGilton Mary Hogan School	D. Murchie Scholarship	Fred Powell Math Award	E. Rogers Scholarship	WJ Rogers Scholarship	Total
ASSETS						
Cash and cash equivalents	\$ 21,870	\$ -	\$ -	\$ -	\$ -	\$ 21,870
Investments	827,814	-	6,430	440,714	440,714	1,715,672
TOTAL ASSETS	<u>\$ 849,684</u>	<u>\$ -</u>	<u>\$ 6,430</u>	<u>\$ 440,714</u>	<u>\$ 440,714</u>	<u>\$ 1,737,542</u>
LIABILITIES						
Due to other funds	\$ 9,010	\$ -	\$ -	\$ -	\$ -	\$ 9,010
TOTAL LIABILITIES	<u>9,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,010</u>
NETP POSITION						
Restricted	840,674	-	6,430	440,714	440,714	1,728,532
TOTAL NET POSITION	<u>840,674</u>	<u>-</u>	<u>6,430</u>	<u>440,714</u>	<u>440,714</u>	<u>1,728,532</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 849,684</u>	<u>\$ -</u>	<u>\$ 6,430</u>	<u>\$ 440,714</u>	<u>\$ 440,714</u>	<u>\$ 1,737,542</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, 2023

	McGilton Mary Hogan School	D. Murchie Scholarship	Fred Powell Math Award	E. Rogers Scholarship	WJ Rogers Scholarship	Total
ADDITIONS						
Interest income	\$ 36,632	\$ -	\$ 38	\$ 1,872	\$ 1,873	\$ 40,415
TOTAL ADDITIONS	<u>36,632</u>	<u>-</u>	<u>38</u>	<u>1,872</u>	<u>1,873</u>	<u>40,415</u>
DEDUCTIONS						
Distributions	52,403	-	-	-	-	52,403
TOTAL DEDUCTIONS	<u>52,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,403</u>
NET CHANGE IN NET POSITION	(15,771)	-	38	1,872	1,873	(11,988)
NET POSITION - JULY 1	<u>856,445</u>	<u>-</u>	<u>6,392</u>	<u>438,842</u>	<u>438,841</u>	<u>1,740,520</u>
NET POSITION - JUNE 30	<u>\$ 840,674</u>	<u>\$ -</u>	<u>\$ 6,430</u>	<u>\$ 440,714</u>	<u>\$ 440,714</u>	<u>\$ 1,728,532</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, 2023

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment, Vehicles and Right of Use	Infrastructure	Total
Direct services	\$ -	\$ 19,164,619	\$ 1,923,253	\$ -	\$ 21,087,872
Operations and maintenance	25,303	8,951,395	1,160,951	593,802	10,731,451
Support services - fiscal	-	40,101	103,961	-	144,062
Support services - general admin.	-	784,271	580,816	-	1,365,087
Support services - staff	-	852,582	726,943	-	1,579,525
Support services - students	-	2,687,614	217,004	-	2,904,618
Transportation	-	53,590	226,557	-	280,147
Food service	46,551	-	385,475	-	432,026
Total General Capital Assets	71,854	32,534,172	5,324,960	593,802	38,524,788
Less: Accumulated Depreciation	-	(19,328,410)	(3,604,658)	(364,561)	(23,297,629)
Net General Capital Assets	\$ 71,854	\$ 13,205,762	\$ 1,720,302	\$ 229,241	\$ 15,227,159

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, 2023

	General Capital Assets 7/1/22	Additions	Deletions	General Capital Assets 6/30/23
Direct services	\$ 20,897,787	\$ 190,085	\$ -	\$ 21,087,872
Operations and maintenance	10,045,307	686,144	-	10,731,451
Support services - fiscal	144,062	-	-	144,062
Support services - general admin.	1,296,180	68,907	-	1,365,087
Support services - staff	1,579,525	-	-	1,579,525
Support services - students	2,888,168	16,450	-	2,904,618
Transportation	109,880	170,267	-	280,147
Food service	349,465	82,561	-	432,026
Total General Capital Assets	37,310,374	1,214,414	-	38,524,788
Less: Accumulated Depreciation	(22,022,247)	(1,275,382)	-	(23,297,629)
Net General Capital Assets	\$ 15,288,127	\$ (60,968)	\$ -	\$ 15,227,159

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, 2023

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	4462U0552300	\$ -	\$ 45,878
Summer Food Service Program for Children	10.559	4450U0552301	-	310,185
Summer Food Service Program for Children	10.559	4452U0552301	-	131,598
Summer Food Service Program for Children	10.559	4455U0552301	-	103,761
Fresh Fruit and Vegetable	10.582	4449U0552300	-	4,338
Subtotal Child Nutrition Cluster			-	595,760
Pandemic EBT Administrative Costs	10.649	4601U0552301	-	628
Forest Service Schools and Roads Cluster:				
Administrative Cost Grants	10.665	01260-202319	-	19,679
Subtotal Forest Service Schools and Roads Cluster			-	19,679
Total U.S. Department of Agriculture			-	616,067
U.S. Department of Education				
Passed-through State of Vermont - Agency of Education:				
Title IA Grants to Local Educational Agencies	84.010A	4250U0552301	-	498,818
Special Education Cluster (IDEA):				
Special Education-Grants to Stated (IDEA, Part B)	84.027A	4226U0552301	-	504,450
Special Education-Grants to Stated (IDEA, Part B) ARP	84.027X	4605U0552301	-	88,041
Special Education-Grants to Stated (IDEA, Preschool)	84.173A	4228U0552301	-	15,713
Special Education-Grants to Stated (IDEA, Preschool) ARP	84.173X	4606U0552301	-	7,025
Subtotal Special Education Cluster (IDEA)			-	615,229
Supporting Effective Instruction State Grants	84.367A	4651U0552301	-	184,589
Student Support and Academic Enrichment Program	84.424A	4570U0552201	-	81,508
Education Stabilization Fund	84.425D	4590U0552101	-	7,946
Education Stabilization Fund	84.425D	4597U0552101	-	917,290
Education Stabilization Fund	84.425U	4599U0552101	-	824,816
			-	1,750,052
Total U.S. Department of Education			-	3,130,196
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 3,746,263

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, 2023

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, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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, 2023 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 25, 2024.

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 20, 2024.

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 25, 2024



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

Opinion on Each Major Federal Program

We have audited Addison Central School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Addison Central School District's major federal programs for the year ended June 30, 2023. 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.

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

Basis for Opinion on Each Major Federal Program

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

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
March 25, 2024

ADDISON CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: 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/84.425U	Elementary and Secondary School Emergency Relief Fund 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

FY26 Budget Process and Timeline

8/19/24	Personnel verification process begins to reconcile salaries and budget units. HR/Payroll, Principals and Directors submit edits by October 1.
9/23/24	Finance Committee meeting. Review BOARD PARAMETERS, timeline, budget environment, and drivers.
9/30/24	Presentation: Budget Drivers to full Board
10/1/24	Data collection due. Principals and Directors meetings #1 of 2
10/13/24	Special education service plans complete
10/22/24	Finance Committee meeting. Review Budget development and discuss parameters.
11/4/24	Presentation: Budget Development #1 to full Board
11/1/24	Principals and Directors meetings #2 of 2.
11/11/24	Review budget environment and known fixed costs with Finance Committee
12/1/24	Tax commissioner recommends yield rates
12/2/24	Review DRAFT 1 and yield rates with Finance Committee
12/9/24	Presentation: Budget Development #2 to full Board
12/15/24	Statutory deadline for release of equalized pupil count; possible CLA
12/16/24	Review Cost Center details with Finance Committee
12/23/24	Presentation: Cost Center Detail and Property Tax Rates
1/6/25	Distribute draft budget books. Presentation: ACSD FY25 Budget
1/9/25	ACSD Annual Meeting Warned.
1/20/25	<u>Board vote on budget. Recommended motion to Adopt.</u>
1/23/25	Town Meeting Warned.
2/10/25	Board Meeting: Final Budget updates and publication of final budget book.
2/18/25	ACSD Annual Meeting. Presentation: ACSD FY25 Budget to Public.
3/5/25	Town Meeting Day - Budget Vote

2024-2025 Board Meeting Calendar

	Mon	Tues	Wed	Thurs	Fri		ACSD BOARD MEETING / FACILITIES COMITEE MEETING
	1	2	3	4	5		FINANCE COMITTEE MEETING
	8	9	10	11	12		SCHOOL BREAK
	15	16	17	18	19		
	22	23	24	25	26		
	29	30	31				
July 2024							
	Mon	Tues	Wed	Thurs	Fri	August 26 - First Day of School	
					1	2	
	5	6	7	8	9		
	12	13	14	15	16		
	19	20	21	22	23		
	26	27	28	29	30		
August 2024							
	Mon	Tues	Wed	Thurs	Fri	September 2 - Labor Day	
	2	3	4	5	6		
	9	10	11	12	13		
	16	17	18	19	20		
	23	24	25	26	27		
	30						
September 2024							
	Mon	Tues	Wed	Thurs	Fri		
	1	2	3	4	5		
	8	9	10	11	12		
	15	16	17	18	19		
	22	23	24	25	26		
	29	30	31				
October 2024							
	Mon	Tues	Wed	Thurs	Fri		
						1	
	4	5	6	7	8		
	11	12	13	14	15		
	18	19	20	21	22		
	25	26	27	28	29		
November 2024							
	Mon	Tues	Wed	Thurs	Fri	December 23 - School Break Starts	
	2	3	4	5	6		
	9	10	11	12	13		
	16	17	18	19	20		
	23	24	25	26	27		
	30	31					
December 2024							

January 2025	Mon	Tues	Wed	Thurs	Fri	January 9 - First Day to Warn Annual Meeting		
			1	2	3	January 17 - Last Day to Warn Annual Meeting		
	6	7	8	9	10	January 20 - MLK Day		
	13	14	15	16	17	January 23 - First Day to Warn Town Meeting		
	20	21	22	23	24			
	27	28	29	30	31			
February 2025	Mon	Tues	Wed	Thurs	Fri	February 24 - School Break Starts		
	3	4	5	6	7	February 18 - ACSD Annual Meeting		
	10	11	12	13	14	February 3 - Last Day to Warn Town Meeting		
	17	18	19	20	21			
	24	25	26	27	28			
March 2025	Mon	Tues	Wed	Thurs	Fri	March 3 - School Break Ends		
	3	4	5	6	7	March 5 - Town Meeting Day		
	10	11	12	13	14			
	17	18	19	20	21			
	24	25	26	27	28			
April 2025	Mon	Tues	Wed	Thurs	Fri	April 21 - School Break Starts		
		1	2	3	4			
	7	8	9	10	11			
	14	15	16	17	18			
	21	22	23	24	25			
May 2025	Mon	Tues	Wed	Thurs	Fri	May 26 - Memorial Day		
					1	2		
	5	6	7	8	9			
	12	13	14	15	16			
	19	20	21	22	23			
June 2025	Mon	Tues	Wed	Thurs	Fri	June 12 - Anticipated Last Day of School		
	2	3	4	5	6			
	9	10	11	12	13			
	16	17	18	19	20			
	23	24	25	26	27			
	30							