

NORWICH SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of the School Board
Norwich School District
Norwich, Vermont

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Norwich School District, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the general fund and the grants funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Norwich 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

The Norwich School District's 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 Norwich School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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.

**Norwich School District
Independent Auditor's Report**

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Norwich School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Norwich 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.

Change in Accounting Principle

As discussed in Note 2-D to the financial statements, in the fiscal year 2022, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Required Supplementary Information – Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Management's Discussion and Analysis,
- Schedule of the School District's Proportionate Share of Net Pension Liability - VMERS,
- Schedule of School District Contributions – Pensions - VMERS,
- Schedule of the School District's Proportionate Share of Net Pension Liability - VSTRS,
- Schedule of School District Contributions – Pensions - VSTRS,
- Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability - VSTRS,
- Schedule of School District Contributions – Other Postemployment Benefits - VSTRS,
- Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

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 Norwich School District's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

October 16, 2023
Concord, New Hampshire

*Plodyk & Sanderson
Professional Association*

NORWICH SCHOOL DISTRICT

Norwich, Vermont

Management's Discussion and Analysis (MD&A) of the Annual Financial Report for The Year Ended June 30, 2022

The Superintendent of Schools and Business Administrator of School Administrative Unit (SAU) #70, as management of the Norwich School District, Norwich, Vermont (the District), offer readers of the District's annual financial statements this narrative discussion and analysis of the financial activities of the District for the fiscal year which ended June 30, 2022. This discussion and analysis is prepared in accordance with the provisions of the Governmental Accounting Standards Board Statement 34 (GASB 34). We encourage readers to consider the information presented here in conjunction with additional information found within the body of the annual audit.

FINANCIAL HIGHLIGHTS

The District's total net position for the year ending June 30, 2022, was \$2,586,964. The District's net position decreased by \$348,865, or 11.9% between July 1, 2021 and June 30, 2022. The District's total net position included \$1,824,374 in capital assets net of debt. The District's long-term obligations of \$381,224 consisted of \$45,000 in long-term debt, \$178,926 in post-employment benefits, \$18,951 in compensated absences and \$138,347 in net pension liability. These liabilities are reflected as a reduction in net position. The District authorized a \$450,000 building renovation project during the 2013-14 year, and is paying that off over ten years.

During the year, the District's consolidated expenses of \$15,089,016 were \$348,865 more than revenues of \$14,740,151. Revenues consist of: charges for services; operating grants and contributions; and general revenues (which consist of local and state property tax assessments, state and federal grants, earned interest and contributions not restricted as to purpose).

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's annual financial report, which consists of basic financial statements, notes, and related financial and compliance information. The District's annual financial report consists of four elements: (1) government-wide financial statements; (2) fund financial statements; (3) notes to the financial statements; and (4) required supplementary information, including this discussion and analysis. This report also contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the District based upon measurement focus and basis of accounting. The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental funds statements tell how the District's services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Financial Statements

The Government-wide Financial Statements show functions of the District that are principally supported by property taxes and intergovernmental revenues as Governmental Activities. Intergovernmental revenues include local, state, and federal monies. The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Taxes and intergovernmental revenues also support fixed assets and related debt.

Norwich School District, Norwich Vermont
Management Discussion and Analysis for Fiscal Year 2022

Fund Financial Statements

A fund is a self-balancing group of related accounts that is used to maintain control over resources that the District segregates for specific activities or objectives. Fund definitions are part of a uniform accounting system and chart of accounts mandated by the federal and state governments for all school districts. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A detailed statement of financial activity is reported annually to the State of Vermont through the "Annual Statistical Report" and other periodic reports.

All of the funds of the District are reported herein as governmental funds. The General Fund, including expendable trust funds, as well as the special revenue and capital project funds: Food Service Fund, Grants Fund, Medicaid Fund, the Special Gifts Fund, and Cable Drop Project Fund are all reported as Governmental Funds, and are consolidated in the governmental funds statements.

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 fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. The largest portion of the District's net position is unrestricted. The District uses capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. Summaries of the capital assets, depreciation and long-term debt obligations can be found in the Notes to Financial Statements. Depreciation is included by accounting convention, thus the depreciated value of a District asset, as reflected in these reports, does not reflect an asset's useful, market, or replacement value. Comparative Net Position for the periods ending June 30, 2021 and June 30, 2022 are shown below. On June 30, 2022, net position was restricted for Medicaid Funds. A portion of the net position is invested in capital assets. Unrestricted net position represents those assets that are available without constraint to finance day-to-day operations.

Norwich School District - Governmental Activities
Summary of Net Position - Two Year Comparison

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>% Change</u>
Assets				
Current Assets	\$ 1,426,921	\$ 1,891,942	\$ (465,021)	-24.58%
Capital Assets	1,869,374	1,819,386	49,988	2.75%
Total Assets	<u>3,296,295</u>	<u>3,711,328</u>	<u>(415,033)</u>	<u>-11.18%</u>
Deferred Outflows of Resources	91,460	153,151	(61,691)	-40.28%
Liabilities				
Other Liabilities	237,023	268,047	(31,024)	-11.57%
Long Term Liabilities	381,224	613,837	(232,613)	-37.89%
Total Liabilities	<u>618,247</u>	<u>881,884</u>	<u>(263,637)</u>	<u>-29.89%</u>
Deferred Inflows of Resources	182,544	46,766	135,778	290.33%
Net Investment in Capital Assets	1,824,374	1,729,386	94,988	5.49%
Restricted Net Position	114,751	78,177	36,574	46.78%
Unrestricted Net Position	647,839	1,128,266	(480,427)	-42.58%
Total Net Position	<u>\$ 2,586,964</u>	<u>\$ 2,935,829</u>	<u>\$ (348,865)</u>	<u>-11.88%</u>

Norwich School District, Norwich Vermont
Management Discussion and Analysis for Fiscal Year 2022

Comparative Statement of Activities

The Comparative Statement of Changes in Activities provides an important record of overall expenditures and revenues for the fiscal year. The government-wide financial statements provide a summary of governmental activities. The amounts discussed below are all displayed in the 2-year comparative table below. During 2021-22 the District's total revenues were \$14,740,151; total expenses were \$15,089,016 resulting in a decrease of net position of \$348,865.

The largest part of the District's revenues, \$12,283,362 [83.3%] came from the local property tax levy. Here, since it is nominally a state tax "returned" to the District, it is termed "Unrestricted Grants and Contributions". Other revenue sources include federal and various state categorical grant programs. This revenue statement includes all revenues from local, state, and federal sources. Program expenses increased by \$605,860 or 4.18% from FY21 to FY22 due in large part to the direct learning instruction increases. Norwich's assessment to Dresden is based on a per-pupil cost pro-ration.

The District's expenditures were largely for instruction \$5,568,419 and support services \$2,003,896, or 50.18%. An intergovernmental transfer of \$7,312,533 [48.5%] recognizes the cost of educating the District's 7th through 12th graders at the Dresden School District's Hanover High and Richmond Middle schools. Depreciation accounts for \$139,093 of total expenses with interest on long term debt and non-instructional services totaling the balance of \$65,075.

	<u>June 30,2022</u>	<u>June 30,2021</u>	<u>Change</u>	<u>%Change</u>
Revenues				
<u>Program Revenue</u>				
Charges for Services	\$ 55,876	\$ 44,400	\$ 11,476	25.85%
Operating Grants & Contributions	2,262,691	2,556,940	(294,249)	-11.51%
Capital Grants & Contributions	-	366,600	(366,600)	100.00%
<u>General Revenue</u>				
Unrestricted Grants and Contributions	12,283,362	11,605,186	678,176	5.84%
Unrestricted Investment Income	6,164	11,606	(5,442)	-46.89%
Miscellaneous	132,058	43,107	88,951	206.35%
Total Revenues	<u>14,740,151</u>	<u>14,627,839</u>	<u>112,312</u>	<u>0.77%</u>
<u>Program Expenses</u>				
Instruction	5,568,419	5,507,186	61,233	1.11%
Support Services:				
Student	223,447	224,516	(1,069)	-0.48%
Instructional Staff	137,141	140,957	(3,816)	-2.71%
General Administration	44,901	47,735	(2,834)	-5.94%
Executive Administration	295,405	288,729	6,676	2.31%
School Administration	505,970	519,847	(13,877)	-2.67%
Operation and Maintenance of Plant	536,457	502,559	33,898	6.75%
Student Transportation	260,575	281,730	(21,155)	-7.51%
Noninstructional Services	63,843	80,939	(17,096)	-21.12%
Interest on Long-Term Debt	1,232	1,918	(686)	-35.77%
Intergovernmental Transfers	7,312,533	6,757,272	555,261	8.22%
Depreciation - unallocated	139,093	129,768	9,325	7.19%
Total Expenses	<u>15,089,016</u>	<u>14,483,156</u>	<u>605,860</u>	<u>4.18%</u>
Change in Net Position	(348,865)	144,683	(493,548)	341.12%
Net Position, beginning	2,935,829	2,791,146	144,683	5.18%
Net Position, ending	<u>\$ 2,586,964</u>	<u>\$ 2,935,829</u>	<u>\$ (348,865)</u>	<u>-11.88%</u>

FUND FINANCIAL STATEMENTS

General Fund

The Norwich School District governmental funds include the General Fund, the Grants Fund, the Cable Drop Capital Project Fund and the Other Governmental Funds. The School District uses separate fund accounting for each of its funds to ensure and demonstrate compliance with finance-related legal requirements. Information from the fund accounting system is essential in managing budgets as the financial year progresses and is useful in assessing financial resource needs for future operation of the school. The General Fund is what most people think of as “the budget” since it is the focal point of the Annual District Meeting and largely supported by locally raised taxes.

Schedules 1, 2, and 3 detail general fund activity for FY2022. Budgeted revenues totaled \$13,521,076 including the use of \$244,777 from fund balance; actual revenues equaled \$13,341,279. Revenue variances arose from the following sources: Transportation reimbursement \$5,134 less than budgeted; Special Education reimbursement \$32,470 more than budgeted; Extraordinary Aid Reimbursement: \$5,531 less than budgeted; State Placed Student reimbursement: \$7,365 more than budgeted; Tuition: \$14,118 more than budgeted; Miscellaneous \$28,706 more than budgeted and Investment Earnings \$7,014 less than budgeted. At \$12,015,451, property taxes (here termed: "Homestead Tax Liability") comprise 90.06% of general fund revenues. Revenues ended with a positive variance of \$64,980.

Exclusive of the assessment to the Dresden School District (a separate legal entity which is responsible for education of Norwich students in grades 7-12), the cost of Marion Cross Schools K-6 instruction makes up 65.2% of all general fund expenditures in the amount of \$4,042,963; while Support Services comprise 30.6% of local expenditures in the amount of \$1,895,181. The remaining 4.2% includes debt service, facilities upgrades and other outlays in the amount of \$265,192. Expenditures and other financing sources ended with a positive variance of \$108,204.

Other Funds

Activity for the “Food Service”, “Special Gifts”, and “Medicaid”, are shown on Schedules 4 and 5. Ending fund balances for each of these funds were \$0; \$92,137; \$114,751, respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2022, the District reported capital assets of \$1,869,374 (net of accumulated depreciation), on a range of capital assets, including land and improvements, buildings and improvements, and machinery and equipment. The District annually invests in new furnishings, computers and peripherals, printed media, and musical/athletic equipment.

	Governmental Activities		Increase (Decrease)	% Increase (Decrease)
	2022	2021		
Land	\$ 2,500	\$ 2,500	\$ -	0.00%
Construction In Progress	274,017	434,159	(160,142)	-58.44%
Land Improvements	120,439	120,439	-	0.00%
Building & Building Improvements	4,786,294	4,419,599	366,695	7.66%
Equipment & Vehicles	75,652	75,652	-	0.00%
Total Historical Costs	5,258,902	5,052,349	206,553	4.09%
Total Accumulated Depreciation	(3,389,528)	(3,232,963)	(156,565)	-4.62%
Net Capital Assets	\$ 1,869,374	\$ 1,819,386	\$ 49,988	2.75%

Norwich School District, Norwich Vermont
Management Discussion and Analysis for Fiscal Year 2022

Long-Term Debt

The District has \$45,000 of long-term debt outstanding. The District’s liability for “Other Post-Employment Benefits” (OPEB) at June 30, 2022 is reported at \$178,926. The district has an additional \$18,951 in compensated absences payable, and \$138,347 in a pension related liability. The following table illustrates the changes and balances for all long-term liabilities.

	<u>Governmental Activities</u>		<u>Increase</u>	<u>% Increase</u>
	<u>2022</u>	<u>2021</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
Note payable	\$ 45,000	\$ 90,000	\$ (45,000)	-50.00%
Compensated Absences	18,951	22,086	(3,135)	-14.19%
Net Pension Liability	138,347	321,647	(183,300)	-56.99%
Other Postemployment Benefits	<u>178,926</u>	<u>180,104</u>	<u>(1,178)</u>	<u>-0.65%</u>
Total Long Term Debt	<u>\$ 381,224</u>	<u>\$ 613,837</u>	<u>\$ (232,613)</u>	<u>-37.89%</u>

FUTURE BUDGETARY IMPLICATIONS

Norwich residents have a long history of strong support for the education of their children and for providing sufficient resources for quality education. There is no indication of any change in this support. Nonetheless, funding for education is a matter of concern in view of a changing economy and state legislation. School policymakers constantly struggle with the challenges of operating the District’s programs. With a state financing system that relies heavily on a statewide property tax, changing property values in Norwich when compared with values elsewhere will put upward pressure on tax obligations, regardless of the level of local spending on schools. Further, since the system is based on per pupil, rather than total, costs, flat or declining enrollments will also put upward pressure on tax rates. Further budgetary challenges will undoubtedly include increases in health insurance, necessary infrastructure upgrades including technology, tightening the building envelope and waste disposal. School administrators are constantly mindful of the financial impact of school budgets on taxpayers. The administration and school board are committed to continually looking for ways to contain cost increases and to keep budgets as low as possible, while at the same time not compromising services to students. Residents have shown patience in that they have not let taxation issues detract from their financial support of their schools.

It is important that we remember the following event. On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a global pandemic. In response to the pandemic, the State of Vermont’s Governor issued an order declaring a state of emergency on March 13, 2020. The impact of this pandemic is still wreaking havoc on supply chains around the world and as a result inflation is beginning to ramp up. The financial impact of these pressures cannot be fully known, but the administration of the SAU and Norwich School District are ready and able to make necessary changes. At this time the School District has retainage available to offset these potential pressures.

Contacting School District’s Financial Management

Questions regarding this report should be directed to Jay Badams, PhD, Superintendent of Schools or to Jamie Teague, Business Administrator, at (603)-643-6050 or by mail at:

Norwich School District
c/o School Administrative Unit #70
41 Lebanon Street, Suite 2
Hanover, New Hampshire 03755

BASIC FINANCIAL STATEMENTS

EXHIBIT A
NORWICH SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,137,534
Intergovernmental receivable	284,037
Prepaid items	5,350
Capital assets, not being depreciated	276,517
Capital assets, net of accumulated depreciation	1,592,857
Total assets	3,296,295
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	75,942
Amounts related to other postemployment benefits	15,518
Total deferred outflows of resources	91,460
LIABILITIES	
Accounts payable	35,199
Accrued salaries and benefits	190,994
Intergovernmental payable	10,397
Accrued interest payable	433
Noncurrent obligations:	
Due within one year	45,000
Due in more than one year	336,224
Total liabilities	618,247
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - student balances	448
Amounts related to pensions	147,155
Amounts related to other postemployment benefits	34,941
Total deferred inflows of resources	182,544
NET POSITION	
Net investment in capital assets	1,824,374
Restricted	114,751
Unrestricted	647,839
Total net position	\$ 2,586,964

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT B
NORWICH SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2022

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 5,568,419	\$ 14,118	\$ 2,138,930	\$ (3,415,371)
Support services:				
Student	223,447	-	3,975	(219,472)
Instructional staff	137,141	-	-	(137,141)
General administration	44,901	-	-	(44,901)
Executive administration	295,405	-	-	(295,405)
School administration	505,970	-	-	(505,970)
Operation and maintenance of plant	536,457	-	-	(536,457)
Student transportation	260,575	-	116,364	(144,211)
Noninstructional services	63,843	41,758	3,422	(18,663)
Interest on long-term debt	1,232	-	-	(1,232)
Intergovernmental transfers	7,312,533	-	-	(7,312,533)
Depreciation unallocated	139,093	-	-	(139,093)
Total governmental activities	<u>\$ 15,089,016</u>	<u>\$ 55,876</u>	<u>\$ 2,262,691</u>	<u>(12,770,449)</u>
General revenues:				
Grants and contributions not restricted to specific programs				12,283,362
Interest				6,164
Miscellaneous				132,058
Total general revenues				<u>12,421,584</u>
Change in net position				(348,865)
Net position, beginning				2,935,829
Net position, ending				<u>\$ 2,586,964</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-1
NORWICH SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2022

	General	Grants	Cable Drop Capital Project	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 924,040	\$ -	\$ -	\$ 213,494	\$ 1,137,534
Intergovernmental receivable	171,834	100,047	-	12,156	284,037
Interfund receivables	232,943	-	-	-	232,943
Prepaid items	5,350	-	-	-	5,350
Total assets	<u>\$ 1,334,167</u>	<u>\$ 100,047</u>	<u>\$ -</u>	<u>\$ 225,650</u>	<u>\$ 1,659,864</u>
LIABILITIES					
Accounts payable	\$ 16,885	\$ -	\$ -	\$ 18,314	\$ 35,199
Accrued salaries and benefits payable	190,994	-	-	-	190,994
Intergovernmental payable	10,397	-	-	-	10,397
Interfund payable	-	100,047	132,896	-	232,943
Total liabilities	<u>218,276</u>	<u>100,047</u>	<u>132,896</u>	<u>18,314</u>	<u>469,533</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - student balances	-	-	-	448	448
FUND BALANCES (DEFICIT)					
Nonspendable	5,350	-	-	-	5,350
Restricted	-	-	-	114,751	114,751
Committed	563,664	-	-	92,137	655,801
Assigned	50,857	-	-	-	50,857
Unassigned (deficit)	496,020	-	(132,896)	-	363,124
Total fund balances (deficit)	<u>1,115,891</u>	<u>-</u>	<u>(132,896)</u>	<u>206,888</u>	<u>1,189,883</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,334,167</u>	<u>\$ 100,047</u>	<u>\$ -</u>	<u>\$ 225,650</u>	<u>\$ 1,659,864</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-2
NORWICH SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2022

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,189,883
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 5,258,902	
Less accumulated depreciation	<u>(3,389,528)</u>	1,869,374
Pension and other postemployment benefits (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 75,942	
Deferred inflows of resources related to pensions	(147,155)	
Deferred outflows of resources related to OPEB	15,518	
Deferred inflows of resources related to OPEB	<u>(34,941)</u>	(90,636)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (232,943)	
Payables	<u>232,943</u>	-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(433)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Note	\$ 45,000	
Compensated absences	18,951	
Net pension liability	138,347	
Other postemployment benefits	<u>178,926</u>	(381,224)
Net position of governmental activities (Exhibit A)		<u><u>\$ 2,586,964</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-3
NORWICH SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	General	Grants	Cable Drop Capital Project	Other Governmental Funds	Total Governmental Funds
REVENUES					
Other local	\$ 52,102	\$ -	\$ -	\$ 141,996	\$ 194,098
State	13,059,903	9,082	-	-	13,068,985
Federal	-	302,327	-	39,996	342,323
Total revenues	<u>13,112,005</u>	<u>311,409</u>	<u>-</u>	<u>181,992</u>	<u>13,605,406</u>
EXPENDITURES					
Current:					
Instruction	4,042,963	307,434	-	53,397	4,403,794
Support services:					
Student	219,472	3,975	-	-	223,447
Instructional staff	137,141	-	-	-	137,141
General administration	44,901	-	-	-	44,901
Executive administration	295,405	-	-	-	295,405
School administration	509,513	-	-	-	509,513
Operation and maintenance of plant	428,174	-	-	-	428,174
Student transportation	260,575	-	-	-	260,575
Noninstructional services	-	-	-	63,843	63,843
Debt service:					
Principal	45,000	-	-	-	45,000
Interest	1,666	-	-	-	1,666
Facilities acquisition and construction	199,863	-	113,506	-	313,369
Total expenditures	<u>6,184,673</u>	<u>311,409</u>	<u>113,506</u>	<u>117,240</u>	<u>6,726,828</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	18,663	18,663
Transfers out	(18,663)	-	-	-	(18,663)
Intergovernmental transfers out	(7,312,533)	-	-	-	(7,312,533)
Total other financing sources (uses)	<u>(7,331,196)</u>	<u>-</u>	<u>-</u>	<u>18,663</u>	<u>(7,312,533)</u>
Net change in fund balances	(403,864)	-	(113,506)	83,415	(433,955)
Fund balances, beginning (deficit)	1,519,755	-	(19,390)	123,473	1,623,838
Fund balances, ending (deficit)	<u>\$ 1,115,891</u>	<u>\$ -</u>	<u>\$ (132,896)</u>	<u>\$ 206,888</u>	<u>\$ 1,189,883</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-4
NORWICH SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Net change in fund balances of total governmental funds (Exhibit C-3)		\$(433,955)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 206,553	
Depreciation expense	<u>(156,565)</u>	49,988
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (18,663)	
Transfers out	<u>18,663</u>	-
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal repayment of note		45,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 434	
Decrease in compensated absences payable	3,135	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	3,745	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(17,212)</u>	<u>(9,898)</u>
Change in net position of governmental activities (Exhibit B)		<u><u>\$(348,865)</u></u>

EXHIBIT D-1
NORWICH SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Other local	\$ 15,114	\$ 50,924	\$ 35,810
State	13,030,733	13,059,903	29,170
Total revenues	<u>13,045,847</u>	<u>13,110,827</u>	<u>64,980</u>
EXPENDITURES			
Current:			
Instruction	4,042,209	4,011,527	30,682
Support services:			
Student	234,493	219,472	15,021
Instructional staff	188,231	137,141	51,090
General administration	32,287	43,553	(11,266)
Executive administration	295,405	295,405	-
School administration	475,423	497,766	(22,343)
Operation and maintenance of plant	444,427	415,070	29,357
Student transportation	296,077	264,806	31,271
Debt service:			
Principal	45,000	45,000	-
Interest	1,691	1,666	25
Facilities acquisition and construction	138,300	150,270	(11,970)
Total expenditures	<u>6,193,543</u>	<u>6,081,676</u>	<u>111,867</u>
Excess of revenues over expenditures	<u>6,852,304</u>	<u>7,029,151</u>	<u>176,847</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	230,452	230,452	-
Transfers out	(15,000)	(18,663)	(3,663)
Intergovernmental transfers out	(7,312,533)	(7,312,533)	-
Total other financing sources (uses)	<u>(7,097,081)</u>	<u>(7,100,744)</u>	<u>(3,663)</u>
Net change in fund balance	<u>\$ (244,777)</u>	(71,593)	<u>\$ 173,184</u>
Decrease in nonspendable fund balance		3,969	
Unassigned fund balance, beginning		563,644	
Unassigned fund balance, ending		<u>\$ 496,020</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT D-2
NORWICH SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Grants Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
State	\$ -	\$ 9,082	\$ 9,082	\$ -
Federal	-	302,327	\$ 302,327	-
Total revenues	-	311,409	311,409	-
EXPENDITURES				
Current:				
Instruction	-	307,434	307,434	-
Support services:				
Student	-	3,975	3,975	-
Total expenditures	-	311,409	311,409	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning			-	
Fund balance, ending			\$ -	

The Notes to the Basic Financial Statements are an integral part of this statement.

NORWICH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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NORWICH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Norwich School District, in Norwich, Vermont (the School District), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

1-A Reporting Entity

The Norwich School District is a municipal corporation governed by an elected 5-member School Board. In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The School District has no component units to include in its reporting entity.

The following is a summary of the more significant accounting policies:

1-B Government-wide and Fund Financial Statements

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government. Generally, the effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported through assessments and intergovernmental revenues.

The *Statement of Net Position* presents the financial position of the School District at year-end. This Statement includes all of the School District's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational requirements of a particular function. Assessments and other items not meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue.

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds and are presented in the other governmental column of the fund financial statements.

In the governmental fund financial statements, expenditures are reported by character: instruction, support services, noninstructional, debt services or facilities acquisition and construction. Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Debt service includes both interest and principal outlays related to the outstanding note. Capital outlay includes expenditures for equipment, real property, or infrastructure.

Other Financing Sources (Uses) – These additions to and reductions from resources in governmental fund financial statements normally result from transfers from/to other funds. Transfers are reported when incurred as “transfers in” by the receiving fund and as “transfers out” by the disbursing fund.

1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement Focus and Basis of Accounting – The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. District assessments, intergovernmental revenue, and other local sources associated with the current fiscal period are all considered to be susceptible to

NORWICH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Financial Statement Presentation – A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

The School District reports the following major governmental funds:

General Fund – is the School District’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include district assessments, state grants, and other local sources. The primary expenditures are for instruction, support services, debt service, and facilities acquisition and construction. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* guidance the expendable trust funds are consolidated in the general fund.

Grants Fund – accounts for the resources received from various federal, state, and local agencies. The resources are restricted to accomplishing the various objectives of the grantor agencies.

Cable Drop Capital Project Fund – the Cable Drop capital project fund accounts for the activity pertaining to the acquisition and installation of technology infrastructure at the Marion Cross Elementary School.

Nonmajor Funds – The School District also reports three nonmajor governmental funds.

1-D Cash and Cash Equivalents

The School District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund’s portion of this pool is reflected on the combined financial statements under the caption “cash and cash equivalents.”

New Hampshire statutes require that the School District treasurer have custody of all money belonging to the School District and pay out the same only upon orders of the School Board. The treasurer shall deposit all such monies in participation units in the public deposit investment pool established pursuant to NH RSA 383:22 or in solvent banks in the State. Funds may be deposited in banks outside the State if such banks pledge and deliver to a third-party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-E Receivables

Receivables in the government-wide and governmental fund financial statements represent amounts due to the School District at June 30, recorded as revenue, which will be collected in the future and consist of intergovernmental receivables.

1-F Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and expensed as the items are used. This amount is also equal to the nonspendable fund balance at year-end.

1-G Capital Assets

Capital assets are reported in the government-wide financial statements but are not reported in the fund financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The School District has established a threshold of \$5,000 or more and an estimated useful life in excess of one year for capitalization of depreciable assets.

NORWICH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund’s measurement focus. General capital assets are assets of the School District as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position.

In the government-wide financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included in income.

Capital assets of the School District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Class:	<u>Years</u>
Land improvements	20-40
Buildings and building improvements	20-40
Equipment and vehicles	5

1-H Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “due to/from other funds” (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

Interfund Transfers – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

1-I Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2022.

1-J Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until that time. The District has two items that qualify for reporting in this category. Deferred outflows related to pensions and deferred outflows related to OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. The District has three types of items which qualify for reporting in this category. Deferred inflows of resources related to pensions and OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years. In addition, unavailable revenue from user charges collected in advance of the service being provided.

1-K Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. The School District did not issue any debt during fiscal year 2022.

NORWICH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, the School District utilizes the following classification to categorize the financial transaction:

Direct Borrowings – financial transactions for a note or a loan where the School District negotiates certain terms with a single lender and are not offered for public sale.

1-L Compensated Absences

General leave for the School District includes vacation pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon retirement or termination, employees are paid full value for any accrued general leave earned as set forth by the School District's personnel policy.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable financial resources are maintained separately and represent a reconciling item between the governmental fund and government-wide presentations.

1-M Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by the Vermont Municipal Employee's Retirement System and the Vermont State Teacher's Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

1-N Postemployment Benefits Other Than Pensions (OPEB)

The School District maintains two separate other postemployment benefit plans, as follows:

Vermont State Teacher's Retirement System (VSTRS) – The School District is a member of VSTRS, a cost-sharing multiple employer OPEB plan with a special funding situation as defined in GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, the State of Vermont is the sole contributor to the plan and is considered a nonemployer contributing entity. Employer contributions are required by statute to be made by the State on behalf of member employers. Since the School District does not contribute directly to VSTRS, there is no net OPEB liability, deferred inflows of resources, or deferred outflows of resources to report in the School District's financial statements. The School District does disclose their portion of the State's total proportionate share of the collective net OPEB liability, deferred outflows of resources, and deferred inflows of resources as noted in Note 11-A. The School District recognizes OPEB expense and revenue equal to the amount of the State's proportionate share of the collective OPEB expense associated with the School District.

Single Employer Plan – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the School District's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

1-O Net Position/Fund Balances

Government-wide statements – Equity is classified as net position and displayed in two components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of notes attributable to the acquisition, construction, or improvement of those assets.

Unrestricted Net Position – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

NORWICH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

Restricted – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (School District Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or through the Board delegating this responsibility to the Superintendent or Business Administrator through the budgetary process.

Unassigned – The portion of fund balance that has not been restricted, committed, or assigned for a specific purpose.

When multiple net position/fund balance classifications are available for use, it is the School District's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

The School Board will attempt to maintain an unassigned general fund balance equal to three to five percent of total general fund budget.

1-P Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include assessing the useful lives of capital assets, net pension liability, other postemployment benefit liability, and deferred outflows and inflows of resources related to both pension and other postemployment benefits, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the School District's operations. At its annual meeting, the School District adopts a budget for the current year for the general fund. However, the School Board has voted and accepted the federal grants awarded to the District through the year, so these amounts are reported as a final budget for the grants fund, which is also reported as a major fund. Except as reconciled below, the budget was adopted on a basis consistent with United States generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

NORWICH SCHOOL DISTRICT
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Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2022, \$244,777 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

While the School District reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual is presented for each major governmental fund which had a budget. There are no differences between the budgetary basis and GAAP basis of accounting for the major grants fund. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	
Per Exhibit D-1 (budgetary basis)	\$ 13,341,279
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Revenue related to the blended expendable trust funds	1,178
To remove transfer from blended expendable trust fund to the general fund	(230,452)
Per Exhibit C-3 (GAAP Basis)	<u>\$ 13,112,005</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 13,412,872
Adjustments:	
Basis difference:	
Encumbrances, beginning	153,854
Encumbrances, ending	(50,857)
Per Exhibit C-3 (GAAP basis)	<u>\$ 13,515,869</u>

2-C Deficit Fund Balance

The cable drop capital project fund had a fund balance deficit of \$132,896 at June 30, 2022. This deficit is a result of the School District's ongoing technology upgrade project. The School District approved the project to be funded by the School Building Maintenance Reserve and a transfer of funds will occur in 2022-23 to cover this deficit.

2-D Accounting Change

Governmental Accounting Standards Board Statement No. 87, *Leases*, was implemented during fiscal year 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. As a result of implementation of this Statement, the School District has assessed all potential agreements that may be applicable for reporting under GASB Statement No. 87 and have determined that none of the agreements have met the requirements of the pronouncement.

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DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School District's deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held by the School District's agent in the School District's name. The FDIC currently insures the first \$250,000 of the School District's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by collateral. As of year-end, the carrying amount of the School District's deposits was \$1,137,534 and the bank balances totaled \$1,233,275. Petty cash totaled \$400.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2022, consisted of intergovernmental amounts arising from tuition, grants, and school lunch program. Receivables are recorded on the School District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, consisted of the following:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, ending</u>
At cost:				
Not being depreciated:				
Land	\$ 2,500	\$ -	\$ -	\$ 2,500
Construction in progress	434,159	206,553	(366,695)	274,017
Total capital assets not being depreciated	<u>436,659</u>	<u>206,553</u>	<u>(366,695)</u>	<u>276,517</u>
Being depreciated:				
Land improvements	120,439	-	-	120,439
Buildings and building improvements	4,419,599	366,695	-	4,786,294
Equipment and vehicles	75,652	-	-	75,652
Total capital assets being depreciated	<u>4,615,690</u>	<u>366,695</u>	<u>-</u>	<u>4,982,385</u>
Total capital assets	<u>5,052,349</u>	<u>573,248</u>	<u>(366,695)</u>	<u>5,258,902</u>
Less accumulated depreciation:				
Land improvements	(96,088)	(2,415)	-	(98,503)
Buildings and building improvements	(3,099,738)	(139,020)	-	(3,238,758)
Equipment and vehicles	(37,137)	(15,130)	-	(52,267)
Total accumulated depreciation	<u>(3,232,963)</u>	<u>(156,565)</u>	<u>-</u>	<u>(3,389,528)</u>
Net book value, capital assets being depreciated	<u>1,382,727</u>	<u>210,130</u>	<u>-</u>	<u>1,592,857</u>
Net book value, all capital assets	<u>\$ 1,819,386</u>	<u>\$ 416,683</u>	<u>\$ (366,695)</u>	<u>\$ 1,869,374</u>

Depreciation expense was charged to functions of the School District based on their usage of the related assets. The amounts allocated to each function are as follows:

Instruction	\$ 15,424
Support services:	
Operation and maintenance of plant	2,048
Unallocated	139,093
Total depreciation expense	<u>\$ 156,565</u>

NORWICH SCHOOL DISTRICT
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NOTE 6 – INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2022 are as follows:

Receivable Fund	Payable Fund	Amount
General	Grants	\$ 100,047
General	Cable Drop Capital Project	132,896
		<u>\$ 232,943</u>

The interfund transfer to the food service fund from the general fund in the amount of \$18,663 during the year ended June 30, 2022 was made for free and reduced student meals as well as to cover operating costs.

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (2) use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2022 consist of amounts related to pensions totaling \$75,942 and amounts related to OPEB totaling \$15,518. For further discussion on these amounts, see Notes 9 and 11, respectively.

Deferred inflows of resources at June 30, 2022 consist of the following:

	Governmental Activities	Nonmajor Governmental Funds
Student lunch fees collected in advance	\$ 448	\$ 448
Amounts related to pensions, see Note 9	147,155	-
Amounts related to OPEB, see Note 11	34,941	-
Total deferred inflows of resources	<u>\$ 182,544</u>	<u>\$ 448</u>

NOTE 8 – LONG-TERM LIABILITIES

Changes in the School District's long-term liabilities consisted of the following for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year	Due In More Than One Year
Note payable - direct borrowing	\$ 90,000	\$ -	\$ (45,000)	\$ 45,000	\$ 45,000	\$ -
Compensated absences	22,086	-	(3,135)	18,951	-	18,951
Pension related liability	321,647	-	(183,300)	138,347	-	138,347
Net other postemployment benefits	180,104	-	(1,178)	178,926	-	178,926
Total long-term liabilities	<u>\$ 613,837</u>	<u>\$ -</u>	<u>\$ (232,613)</u>	<u>\$ 381,224</u>	<u>\$ 45,000</u>	<u>\$ 336,224</u>

Long-term note is comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2022
Note payable - direct borrowing: HVAC Project	\$ 270,000	2017	2023	2.15%	<u>\$ 45,000</u>

The annual requirements to amortize the note outstanding as of June 30, 2022, including interest payments, are as follows:

Fiscal Year Ending June 30,	Note - Direct Borrowing		
2023	Principal	Interest	Total
	<u>\$45,000</u>	<u>\$ 724</u>	<u>\$45,724</u>

All debt is general obligation debt of the School District, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

NORWICH SCHOOL DISTRICT
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Bonds/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of June 30, 2022, were as follows:

Per District Meeting Vote of	Purpose	Unissued Amount
March 2, 2021	Technology Infrastructure	<u>\$216,224</u>

NOTE 9 – DEFINED BENEFIT PENSION PLAN

9-A Vermont Municipal Employees’ Retirement System (VMERS)

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. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution’s operating expenses are met by municipal funds. An employee of an employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125. The general administration and responsibility for formulating administrative policy and procedures of VMERS 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 elected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Board Association. The System issues a publicly available financial report that may be obtained by writing the Vermont State Treasurer’s Office, 133 State Street, Montpelier, VT 05633.

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.
- Group B & C – general employees who legislative bodies have elected to become members of Group B or Group C.
- Group D – sworn police officers, firefighters, and emergency medical personnel.

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

VMERS	Group A	Group B	Group C	Group D
Normal Retirement (no reduction)	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	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 service x AFC; 2.5% x Group C service x AFC

(Continued)

NORWICH SCHOOL DISTRICT
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Vermont Municipal Employees' Retirement System (VMERS) continued:

VMERS	Group A	Group B	Group C	Group D
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65**	6% per year from age 62**	N/A	No reduction

Contributions – Contribution requirements for the Vermont Municipal Employees' Retirement System – Group A were 3.25% of gross salaries for employees and 4.75% from the School District (no state contribution). Employer contributions for the plan were \$21,534 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the School District reported a liability of \$138,347 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2021, the School District's proportion was 0.0940% which was a decrease of 0.0331% in its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized pension expense of \$18,127. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 6,754	\$ 65,581
Net difference between projected and actual investment earnings on pension plan investments	-	81,574
Changes in assumptions	21,868	-
Differences between expected and actual experience	25,786	-
Contributions subsequent to the measurement date	21,534	-
Total	<u>\$ 75,942</u>	<u>\$ 147,155</u>

The \$21,534 reported as deferred outflows of resources related to pensions results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

Fiscal Year Ending June 30,	
2023	\$ (14,146)
2024	(18,419)
2025	(26,688)
2026	(33,494)
2027	-
Thereafter	-
Totals	<u>\$ (92,747)</u>

Actuarial Assumptions – The total pension liability for the June 30, 2021, measurement date was determined by an actuarial valuation as of June 30, 2020 with update procedures used to roll forward the total pension liability to June 30, 2021.

Long-term Rates of Return – The long-term expected rate of return on pension 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) are developed for each major asset class.

These ranges 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.

Asset Class	Target Asset Allocation	Long-term expected real rate of return
Passive Global equities	24.00%	5.05%
Active Global equities	5.00%	5.05%
Large cap US equities	4.00%	4.00%
Small/Mid Cap US equities	3.00%	4.50%
Non-US developed market equities	7.00%	5.50%
Private equity	10.00%	6.75%
Emerging market debt	4.00%	3.00%
Private and alternative credit	10.00%	4.75%
Non-Core real estate	4.00%	5.75%
Core fixed income	19.00%	0.00%
Core real estate	4.00%	3.75%
US TIPS	3.00%	-0.50%
Infrastructure/Farmland	3.00%	4.25%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00% for the Vermont Municipal Employees' Retirement System. 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. 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 Statement No. 68.

NORWICH SCHOOL DISTRICT
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Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.00% 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:

Actuarial Valuation Date	1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
June 30, 2021	\$ 273,452	\$ 138,347	\$ 27,252

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued Vermont Municipal Employees' Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

9-B Vermont State Teachers' Retirement System (VSTRS)

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

The plan was created in 1947, and is governed by Title 16, V.S.A. Chapter 55. Management of the plan is vested in the VSTRS Board of Trustees, which consists of the Secretary of Education (ex-officio); the State Treasurer (ex-officio); the Commissioner of Financial Regulation (ex-officio); two trustees and one alternate who are members of the system (each elected by the system under rules adopted by the Board) and one trustee and one alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont).

Benefits Provided – The Pension Plan is divided into the following membership groups:

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

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

VSTRS	Group A	Group C - Group #1*	Group C - Group #2++
Normal service retirement eligibility (no reduction)	Age 60 or with 30 years of service	Age 62 or with 30 years of service	Age 65 or when the sum of age and service equals 90
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave, and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Benefit formula - normal service retirement	1.67% x creditable service x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 6/30/90 X AFC + 1.67% x service after 7/1/90 x AFC after attaining 20 years
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC

(Continued)

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Vermont State Teachers' Retirement System (VSTRS) continued:

VSTRS	Group A	Group C - Group #1*	Group C - Group #2++
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years, or age 62, minimum of 1%	50% CPI, up to a maximum of 5%; minimum of 1% after 12 months of normal retirement age 65
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction
Disability Benefit	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently

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

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

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

Contributions – Title 16, V.S.A. Chapter 55 of Vermont Statutes grants the authority to the Board of Trustees of the VSTRS to annually review the amount of State Contributions recommended by the actuary of the VSTRS in order to achieve and preserve the financial integrity of the fund and submit this recommendation to the Governor and both houses of the Legislature. Non employer contribution rates for each group varies based on actuarial recommendations. Contribution requirements for the Vermont Teachers' Retirement System were 5.5% and 5.0% of gross salary from Group A and Group C employees only, respectively (no employer contribution; state contributes 100% of employer portion based on actuarial recommendation) with the State contributing \$498,782 for the fiscal year ended June 30, 2022.

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

- The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. For the year ended June 30, 2022, the School District recorded pension expense of \$873,464, which has also been recognized as both a pension expense and intergovernmental revenue on the Statement of Activities. At June 30, 2021, the School District's proportion was 0.39614% which was an increase of 0.02369% in its proportion measured as of June 30, 2020.

At June 30, 2022, the School District disclosed a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the School District. The State's portion of the collective net pension liability that was associated with the District was \$6,716,517.

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At June 30, 2022, the School District disclosed deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 403,985	\$ 46,513
Net difference between projected and actual investment earnings on pension plan investments	-	1,011,044
Changes in assumptions	615,934	-
Differences between expected and actual experience	382,097	-
Total	\$ 1,402,016	\$ 1,057,557

Amounts disclosed as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Fiscal Year Ending June 30,	
	2023	\$ 238,122
	2024	253,038
	2025	(117,635)
	2026	(163,886)
	2027	134,820
	Thereafter	-
	Totals	\$ 344,459

Actuarial Assumptions - The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 with update procedures used to roll forward the total pension liability to June 30, 2021.

Investment rate of return	7.00% net of pension plan investment expense, including inflation
Inflation	2.30% per year
Salary increases	Ranging from 3.30% to 10.50%
Cost of Living Adjustment	2.40% for Group A members 1.35% for Group C members
Mortality rates	Pre-Retirement: PubT-2010 Teacher Employee Table with generational projections using scale MP-2019.
Retiree Healthy	Post-Retirement PubT-2010 Teacher Healthy Retiree Table with generational projection using scale MP-2019.
Beneficiary Healthy	Post-Retirement 109% of the Pub-2010 Contingent Survivor Table with generational projection using scale MP-2019.
Disabled Post-Retirement	PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.

Long-term Rates of Return -- The long-term expected rate of return on pension 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) are developed for each major asset class.

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These ranges 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.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term expected real rate of return</u>
Passive Global equities	24.00%	5.05%
Active Global equities	5.00%	5.05%
Large cap US equities	4.00%	4.00%
Small/Mid Cap US equities	3.00%	4.50%
Non-US developed market equities	7.00%	5.50%
Private equity	10.00%	6.75%
Emerging market debt	4.00%	3.00%
Private and alternative credit	10.00%	4.75%
Non-Core real estate	4.00%	5.75%
Core fixed income	19.00%	0.00%
Core real estate	4.00%	3.75%
USTIPS	3.00%	-0.50%
Infrastructure/Farmland	3.00%	4.25%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. In accordance with paragraph 29 of GASB Statement No. 68, professional judgment was applied to determine that they System’s projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at rates set by the Board, which exceed the actuarially determined contribution rate. The actuarially determined contribution rate is comprised of an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 7.00% 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:

Actuarial Valuation Date	1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
June 30, 2021	<u>\$ 8,797,360</u>	<u>\$ 6,716,517</u>	<u>\$ 4,995,406</u>

Special Funding Situation – The employer contributions for member employers are required by statute to be made by the State of Vermont on behalf of those member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB Statement No. 68 and the State of Vermont is treated as a nonemployer contributing entity in VSTRS. Since the member employers do not contribute directly to VSTRS, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the participating employers.

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued Vermont State Teachers’ Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

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At June 30, 2022, the School District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the School District. The amount recognized by the School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the School District were as follows:

School District's proportionate share of the net pension liability	\$ 138,347
State's proportionate share of the net pension liability associated with the School District	<u>6,716,517</u>
Total	<u><u>\$ 6,854,864</u></u>

NOTE 10 – SUPPLEMENTAL RETIREMENT PLAN

All employees employed by the School District participate in a defined contribution pension plan administered by Omni Group, Inc. Participation begins immediately upon employment. The School District has no requirement or obligation under State Statutes to contribute to this plan, however the School District has adopted the Supplemental Retirement Plan 403(b) for its employees. The School Board has the authority to establish and amend the benefit provisions and contribution requirements of the plan. The School District contributes between 2-4% of each employee’s salary and all amounts contributed are vested immediately. Also, employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022, were \$271,251 which consisted of \$68,898 from the School District and \$202,353 from employees.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

11-A Vermont State Teachers’ Retirement System (VSTRS)

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

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

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 (es-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).

VSTRS retirees and their spouses are eligible for health coverage if the retiree is eligible for OPEB benefits. OPEB eligibility requirements are as follows:

- Group A - Public school teachers employed within the State of Vermont prior to July 1, 1981 and elected to remain in Group A.
 - Retirement: Attainment of 30 years of creditable service, or age 55
- Group C - Public school teachers employed within the State of Vermont on or after July 1, 1990. Teachers hired before July 1, 1990 and were a member of Group B at that time.
 - Retirement: Attainment of age 65, or age plus creditable service equal to 90, or age 55 with 5 years of creditable service.

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

Contributions – The State of Vermont, as a non-employer contributing entity makes 100% of the contributions to the VSTRS, there are no employee or employer contributions. Contributions are actuarially determined, but the State has elected to appropriate State contributions to fund current year retiree health expenses on a pay-as-you-go basis.

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OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2022, the School District disclosed a liability of \$4,155,723 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. For the year ended June 30, 2022, the School District recorded OPEB expense of \$261,281, which has been recognized as both an OPEB expense and intergovernmental revenue on the Statement of Activities.

At June 30, 2022, the School District disclosed deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 265,414	\$ 62,752
Net difference between projected and actual investment earnings on OPEB plan investments	-	598
Changes in assumptions	387,355	13,157
Differences between expected and actual experience	178,830	-
Total	\$ 831,599	\$ 76,507

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

Fiscal Year Ending June 30,	
2023	\$ 258,219
2024	221,450
2025	101,782
2026	74,808
2027	74,311
Thereafter	24,522
Totals	\$ 755,092

Actuarial Assumptions - The total OPEB liability for the June 30, 2021, measurement date was determined by an actuarial valuation as of June 30, 2020 with update procedures used to roll forward the total pension liability to June 30, 2021.

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

- Discount Rate 2.20% blended discount rate based on 20-year, tax exempt general obligation municipal bonds with an average of AA/Aa or higher as of June 30, 2021.

- Salary Increase Rate Representative values of the assumed annual rates of future salary increases are as follows:

Age	Annual Rate of Salary Increase (%)
20	10.50%
25	9.50%
30	6.50%
35	5.95%
40	5.30%
45	4.50%
50	4.20%
55	3.80%
60	3.55%
65	3.40%
70	3.30%

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Inflation	2.00%
Healthcare Cost Trend Rates	Non-Medicare – 6.70% graded to 4.50% over 10 years Medicare – 6.00% graded to 4.50% over 11 years
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 with generational projection using scale MP-2019; Spouses: 109% of the Pub-2010 Contingent Survivor Table with generational projection using scale MP-2019.
Disabled Mortality	PubNS-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table with generational projection using scale MP-2019

Long-term Rates of Return – The long-term expected rate of return on OPEB 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) are developed for each major asset class. These ranges 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.

Asset Class	Target Asset Allocation	Long-term expected real rate of return
Passive Global equities	24.00%	5.05%
Active Global equities	5.00%	5.05%
Large cap US equities	4.00%	4.00%
Small/Mid Cap US equities	3.00%	4.50%
Non-US developed market equities	7.00%	5.50%
Private equity	10.00%	6.75%
Emerging market debt	4.00%	3.00%
Private and alternative credit	10.00%	4.75%
Non-Core real estate	4.00%	5.75%
Core fixed income	19.00%	0.00%
Core real estate	4.00%	3.75%
US TIPS	3.00%	-0.50%
Infrastructure/Farmland	3.00%	4.25%
Total	<u>100.00%</u>	

Discount Rate – The sufficiency of projected assets to make projected benefit payments results in a blended discount rate of 2.20%. Therefore, the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2021 with an expected rate of return of 2.20% on plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability. The projection of cash flows used to determine the discount rate assumed that contributions from the Vermont State Teachers’ Retirement System will continue to be made commensurate with their average contributions over the most recent five-year period (approximately \$37,000,000 per year).

Sensitivity of the School District’s OPEB Liability to Changes in the Discount Rate – The June 30, 2020, actuarial valuation was prepared using a discount rate of 2.20%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$3,548,628 or by (14.61%). If the discount rate were 1% lower than what was used the OPEB liability would increase to \$4,917,285 or by 18.33%.

Actuarial Valuation Date	1% Decrease 1.20%	Current Single Rate Assumption 2.20%	1% Increase 3.20%
June 30, 2021	<u>\$ 4,917,285</u>	<u>\$ 4,155,723</u>	<u>\$ 3,548,628</u>

NORWICH SCHOOL DISTRICT
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Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The June 30, 2020, actuarial valuation was prepared using an initial trend rate of 6.70%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$5,099,143 or by 22.70%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$3,442,842 or by (17.15%).

Actuarial Valuation	1% Decrease	Health Cost Trend Rate	1% Increase
Date			
June 30, 2021	<u>\$ 3,442,842</u>	<u>\$ 4,155,723</u>	<u>\$ 5,099,143</u>

Special Funding Situation – The employer contributions for member employers are required by statute to be made by the State of Vermont on behalf of those member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB Statement No. 75 and the State of Vermont is treated as a nonemployer contributing entity in VSTRS. Since the member employers do not contribute directly to VSTRS, there is no net OPEB liability or deferred inflows or outflows to report in the financial statements of the participating employers.

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Vermont State Teachers' Retirement System Actuarial Valuation and Review of Other Postemployment Benefits Report.

11-B Retiree Health Benefit Program

Plan Description – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time. The School District OPEB plan is not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

The total OPEB liability is based on the School District offering retirees postemployment healthcare insurance governed by RSA 100-A:50. The retirees pay 100% of the premium cost to participate and are included in the same pool as the active members. The inclusion of the retirees in the same pool effects the insurance rates of the active employees as the rates for the retirees are assumed to be higher due to the age consideration, thereby creating an implicit rate subsidy.

Funding Policy – The School District's funding policy for the implicit rate subsidy is a pay-as-you-go basis.

Benefits Provided – The School District provides postemployment healthcare benefits for certain eligible retirees. The School District provides medical benefits to its eligible retirees. The benefits are provided through the Vermont Education Health Initiative.

Employees Covered by Benefit Terms – At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	11
Active employees	<u>329</u>
Total participants covered by OPEB plan (SAU No. 70 wide)	<u>340</u>

Total OPEB Liability – The School District's total OPEB liability of \$178,926 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2020. The School District contracts with an outside actuary to complete the actuarial valuation and schedule of changes in the total OPEB liability. Detailed information can be found in the separately issued report through request of the School District business office.

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Actuarial Assumptions and Other Inputs – The total OPEB liability of \$178,926 in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	4.09%
Healthcare Cost Trend Rates:	
Current Year Trend	7.50%
Second Year Trend	7.00%
Decrement	0.50%
Ultimate Trend	4.50%
Year Ultimate Trend is Reached	2029
Salary Increases:	2.75%

The discount rate was based on the index provided by *S&P Municipal Bond 20-year High Grade Rate index* based on the 20-year AA municipal bond rate as of June 30, 2022.

Mortality rates were based on the SOA Pub-2010 Teacher/General/Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021.

Changes in the Total OPEB Liability

	June 30,	
	2021	2022
Total OPEB liability beginning of year	\$ 154,846	\$ 180,104
Changes for the year:		
Service cost	10,117	11,428
Interest	4,593	4,370
Assumption changes and difference between actual and expected experience	13,791	(11,201)
Benefit payments	(3,243)	(5,775)
Total OPEB liability end of year	<u>\$ 180,104</u>	<u>\$ 178,926</u>

Sensitivity of the School District's OPEB Liability to Changes in the Discount Rate – The July 1, 2020, actuarial valuation was prepared using a discount rate of 4.09%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$166,741 or by (6.81%). If the discount rate were 1% lower than what was used the OPEB liability would increase to \$191,842 or by 7.22%.

	Discount Rate		
	1% Decrease	Baseline 4.09%	1% Increase
Total OPEB Liability	<u>\$ 191,842</u>	<u>\$ 178,926</u>	<u>\$ 166,741</u>

Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2021, actuarial valuation was prepared using an initial trend rate of 7.50%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$193,569 or by 8.18%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$165,881 or by (7.29%).

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.50%	1% Increase
Total OPEB Liability	<u>\$ 165,881</u>	<u>\$ 178,926</u>	<u>\$ 193,569</u>

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OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the School District recognized OPEB expense of \$17,914. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 15,387	\$ 19,655
Differences between expected and actual experience	131	15,286
Total	\$ 15,518	\$ 34,941

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

Fiscal Year Ending June 30,	
2023	\$ (3,730)
2024	(3,730)
2025	(3,730)
2026	(1,371)
2027	(1,924)
Thereafter	(4,937)
Totals	\$ (19,422)

NOTE 12 - ENCUMBRANCES

Encumbrances outstanding in the general fund at June 30, 2022 are as follows:

Current:	
Instruction:	
Regular programs	\$ 15,831
Special programs	500
Total instruction	16,331
Support services:	
General administration	1,640
School administration	348
Operation and maintenance of plant	3,311
Student transportation	4,231
Total support services	9,530
Facilities acquisition and construction	24,996
Total encumbrances	\$ 50,857

NOTE 13 – GOVERNMENTAL ACTIVITIES NET POSITION

Net position reported on the government-wide Statement of Net Position at June 30, 2022 include the following:

Net investment in capital assets:	
Net book value of all capital assets	\$1,869,374
Less:	
Note payable	(45,000)
Total net investment in capital assets	1,824,374
Restricted for Medicaid	114,751
Unrestricted	647,839
Total net position	\$2,586,964

NORWICH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2022 consist of the following:

	General Fund	Cable Drop Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepays	\$ 5,350	\$ -	\$ -	\$ 5,350
Restricted:				
Medicaid	-	-	114,751	114,751
Committed:				
Expendable trust	563,664	-	-	563,664
Special gifts	-	-	92,137	92,137
Total committed fund balance	563,664	-	92,137	655,801
Assigned:				
Encumbrances	50,857	-	-	50,857
Unassigned (deficit)	496,020	(132,896)	-	363,124
Total governmental fund balances (deficit)	<u>\$ 1,115,891</u>	<u>\$ (132,896)</u>	<u>\$ 206,888</u>	<u>\$ 1,189,883</u>

NOTE 15 – CAFETERIA BENEFIT PLAN

Effective July 2011, the School District implemented a cafeteria benefit plan pursuant to Section 125 of the IRS code. Under this plan, eligible employees may direct a contribution, made by the School District, into any combination of the following benefit categories:

1. Medical Insurance Premium Account;
2. Out of Pocket Medical Spending Account; or
3. Dependent Care Spending Account.

In addition to directing the School District's contribution to the above categories, eligible employees may elect to contribute pre-tax dollars to these categories. Under no circumstances may an employee direct more than \$5,000 annually into the Dependent Care Spending Account, and \$2,750 into the Medical Spending Account. This cap applies to both School District contributions and employee pre-tax contributions.

All regular full-time and part-time employees employed on a regular and continuous basis, including certain contractual employees, are eligible to participate in this plan. Temporary and casual employees are not eligible. The plan year adopted by the School District begins on July 1 and ends on June 30. To obtain reimbursement of expenses incurred within a plan year within the spending accounts (items 2 and 3 above), employees must submit claims within ninety days of the end of the plan year or separation of service from the School District, whichever occurs first. Funds unclaimed after ninety days of the close of the plan year are then remitted to the School District.

NOTE 16 – CONTINGENT LIABILITIES

There are various claims and suits pending against the School District which arose in the normal course of the School District's activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the School District.

The School District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the School District believes such disallowances, if any, will be immaterial.

NORWICH SCHOOL DISTRICT
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NOTE 17 – COVID-19

As a result of the spread of COVID-19, Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES Act) in response to the economic downfall caused by the COVID-19 pandemic. This Act provided funding through the Coronavirus Relief Fund (CRF), the Education Stabilization Fund (ESF) and the American Rescue Plan Act (ARPA). On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) was signed into law, which provided additional funding for the ESF programs.

The ESF provided funds to the School District through the Elementary and Secondary School Emergency Relief Fund (ESSER). The objective of ESSER is to provide local education agencies with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation. This funding was awarded to the School District under the ESSER I, II, and III grants, with the School District expending \$98,976 of this funding in the fiscal year 2022 and must be used for activities to prevent, prepare, and respond to the coronavirus.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date.

Management has evaluated subsequent events through October 16, 2023, the date the June 30, 2022 financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT E
NORWICH SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of Net Pension Liability
Vermont Municipal Employees' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
School District's: Proportion of the net pension liability	0.1481%	0.1481%	0.1242%	0.1181%	0.1310%	0.1372%	0.1515%	0.1271%	0.0940%
Proportionate share of the net pension liability	\$ 53,933	\$ 13,514	\$ 95,766	\$ 151,943	\$ 157,645	\$ 193,040	\$ 262,919	\$ 321,647	\$ 138,347
Covered payroll (as of the measurement date)	\$ 444,545	\$ 477,514	\$ 434,100	\$ 448,600	\$ 531,225	\$ 600,900	\$ 727,925	\$ 658,800	\$ 453,342
Proportionate share of the net pension liability as a percentage of its covered payroll	12.13%	2.83%	22.06%	33.87%	29.68%	32.13%	36.12%	48.82%	30.52%
Plan fiduciary net position as a percentage of the total pension liability	92.71%	98.32%	87.42%	80.95%	83.64%	82.60%	80.35%	74.52%	86.29%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.
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EXHIBIT F
NORWICH SCHOOL DISTRICT
Schedule of School District Contributions - Pensions
Vermont Municipal Employees' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution	\$ 17,782	\$ 19,101	\$ 17,364	\$ 17,944	\$ 21,249	\$ 24,036	\$ 29,117	\$ 26,352	\$ 21,534
Contributions in relation to the contractually required contributions	(17,782)	(19,101)	(17,364)	(17,944)	(21,249)	(24,036)	(29,117)	(26,352)	(21,534)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$ 444,545	\$ 477,514	\$ 434,100	\$ 448,600	\$ 531,225	\$ 600,900	\$ 727,925	\$ 658,800	\$ 453,342
Contributions as a percentage of covered payroll	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.75%

EXHIBIT G
NORWICH SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of Net Pension Liability
Vermont State Teachers' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
School District's:									
Proportion of the net pension liability	0.3743%	0.3527%	0.3966%	0.3726%	0.3739%	0.3787%	0.3649%	0.3677%	0.3961%
State of Vermont's proportionate share of the net pension liability	\$ 3,784,217	\$ 3,380,090	\$ 4,705,506	\$ 4,878,768	\$ 5,542,108	\$ 5,721,033	\$ 5,694,220	\$ 7,174,506	\$ 6,716,517
Covered payroll (as of the measurement date)	\$ 2,109,652	\$ 1,999,116	\$ 2,211,790	\$ 2,413,439	\$ 2,470,483	\$ 2,560,140	\$ 2,507,130	\$ 2,624,665	\$ 2,873,204
State of Vermont's proportionate share of the net pension liability as a percentage of School District covered payroll	179.38%	169.08%	212.75%	202.15%	224.33%	223.47%	227.12%	273.35%	233.76%
Plan fiduciary net position as a percentage of the total pension liability	60.59%	64.02%	58.22%	55.31%	53.98%	54.81%	54.96%	50.00%	58.83%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

EXHIBIT H
NORWICH SCHOOL DISTRICT
Schedule of School District Contributions - Pensions
Vermont State Teachers' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution	\$ 178,477	\$ 181,410	\$ 289,146	\$ 272,808	\$ 294,092	\$ 417,908	\$ 415,032	\$ 442,150	\$ 498,782
Contributions in relation to the contractually required contributions	(178,477)	(181,410)	(289,146)	(272,808)	(294,092)	(417,908)	(415,032)	(442,150)	(498,782)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 2,109,652	\$ 1,999,116	\$ 2,211,790	\$ 2,413,439	\$ 2,470,483	\$ 2,560,140	\$ 2,507,130	\$ 2,624,665	\$ 2,873,204
Contributions as a percentage of covered payroll	-8.46%	-9.07%	-13.07%	-11.30%	-11.90%	-16.32%	-16.55%	-16.85%	-17.36%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.
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NORWICH SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

***Schedule of the School District's Proportionate Share of Net Pension Liability and
Schedule of School District Contributions – Pensions***

Vermont Municipal Employee's Retirement System - VMERS

Changes in Benefit Terms – There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.vermonttreasurer.gov/content/retirement/vmers/financial-reports.

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits E and F represent the actuarial determined costs associated with the School District's pension plan at June 30, 2022. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Vermont State Teacher's Retirement System - VSTRS

Changes in Benefit Terms – There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.vermonttreasurer.gov/content/retirement/vmers/financial-reports.

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the School District's pension plan at June 30, 2022. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

EXHIBIT I
NORWICH SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of the Net Other Postemployment Benefits Liability
Vermont State Teachers' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022
Unaudited

	June 30,				
	2018	2019	2020	2021	2022
School District's proportion of the net OPEB liability	0.31141%	0.31489%	0.30094%	0.29654%	0.32579%
State of Vermont's proportionate share of the net OPEB liability (asset)	\$ 2,903,200	\$ 3,004,951	\$ 3,132,073	\$ 3,734,590	\$ 4,155,723
School District's covered payroll	\$ 1,826,080	\$ 1,912,499	\$ 1,844,458	\$ 1,853,103	\$ 2,104,287
State of Vermont's proportionate share of the net OPEB liability (asset) as a percentage of the School District covered payroll	158.99%	157.12%	169.81%	201.53%	197.49%
Plan fiduciary net position as a percentage of the total OPEB liability	(2.94)%	(2.85)%	0.03%	0.69%	1.13%

The Notes to the Required Supplementary Information – Other Postemployment Benefits Liability is an integral part of this schedule.

EXHIBIT J
NORWICH SCHOOL DISTRICT
Schedule of School District Contributions - Other Postemployment Benefits
Vermont State Teachers' Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022
Unaudited

	June 30,				
	2018	2019	2020	2021	2022
Contractually required contribution	\$ - *	\$ - *	\$ - *	\$ - *	\$ - *
Contributions in relation to the contractually required contribution	- *	- *	- *	- *	- *
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	<u>\$1,826,080</u>	<u>\$1,912,499</u>	<u>\$1,844,458</u>	<u>\$1,853,103</u>	<u>\$2,104,287</u>
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

*State of Vermont has elected to appropriate State contributions to fund current year retiree health expenses on a pay-as-you-go basis, rather than funding existing liability.

The Notes to the Required Supplementary Information – Other Postemployment Benefits Liability is an integral part of this schedule.

EXHIBIT K
NORWICH SCHOOL DISTRICT
Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios
For the Fiscal Year Ended June 30, 2022
Unaudited

	June 30,				
	2018	2019	2020	2021	2022
OPEB liability, beginning of year	\$ 128,217	\$ 121,979	\$ 137,337	\$ 154,846	\$ 180,104
Changes for the year:					
Service cost	7,231	7,733	8,332	10,117	11,428
Interest	4,768	5,685	5,340	4,593	4,370
Changes to benefit terms	-	-	(2,136)	-	-
Assumption changes and difference between actual and expected experience	(13,684)	5,352	10,539	13,791	(11,201)
Benefit payments	(4,553)	(3,412)	(4,566)	(3,243)	(5,775)
OPEB liability, end of year	<u>\$ 121,979</u>	<u>\$ 137,337</u>	<u>\$ 154,846</u>	<u>\$ 180,104</u>	<u>\$ 178,926</u>
Covered payroll	<u>\$ 410,422</u>	<u>\$ 489,338</u>	<u>\$ 529,873</u>	<u>\$ 576,681</u>	<u>\$ 597,073</u>
Total OPEB liability as a percentage of covered payroll	29.72%	28.07%	29.22%	31.23%	29.97%

The Notes to the Required Supplementary Information -- Other Postemployment Benefits Liability is an integral part of this schedule.

NORWICH SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability and Schedule of School District Contributions – Other Postemployment Benefits - VSTRS

There were changes to the assumptions in the current actuarial valuation report for VSTRS. Below are some of the key changes:

- The discount rate was decreased from 2.21% to 2.20%
- The assumed healthcare cost trend rates were modified

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.vermonttreasurer.gov/content/retirement/teacher/financial-reports.

As required by GASB Statement No. 75, Exhibits I and J represent the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2022. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Schedule of Changes in School District's Total Other Postemployment Benefits Liability and Related Ratios

There were changes to the assumptions in the current actuarial valuation report. Below are some of the key changes:

- The discount rate was increased from 2.19% to 4.09%
- The assumed healthcare cost trend rates were modified
- The assumed salary scale, mortality rates, and retirement rates were modified.

As required by GASB Statement No. 75, Exhibit K represents the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2022. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
NORWICH SCHOOL DISTRICT
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

	Estimated	Actual	Variance Positive (Negative)
Local sources:			
Tuition	\$ -	\$ 14,118	\$ 14,118
Investment earnings	12,000	4,986	(7,014)
Miscellaneous	3,114	31,820	28,706
Total from other local sources	<u>15,114</u>	<u>50,924</u>	<u>35,810</u>
State sources:			
Educational spending fund	12,015,451	12,015,451	-
Transportation	121,498	116,364	(5,134)
Block grant	267,911	267,911	-
Vocational aid	29,522	29,522	-
Essential early education	49,235	49,235	-
Extraordinary reimbursement	36,575	31,044	(5,531)
Special education reimbursement	510,541	543,011	32,470
State placed student - special reimbursement	-	7,365	7,365
Total from state sources	<u>13,030,733</u>	<u>13,059,903</u>	<u>29,170</u>
Other financing sources:			
Transfers in	<u>230,452</u>	<u>230,452</u>	<u>-</u>
Total revenues and other financing sources	13,276,299	<u>\$ 13,341,279</u>	<u>\$ 64,980</u>
Use of fund balance to reduce school district assessment	244,777		
Total revenues, other financing sources, and use of fund balance	<u>\$ 13,521,076</u>		

SCHEDULE 2
NORWICH SCHOOL DISTRICT
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 1,867	\$ 2,814,028	\$ 3,081,826	\$ 15,831	\$(281,762)
Special programs	45,900	1,228,181	961,137	500	312,444
Total instruction	<u>47,767</u>	<u>4,042,209</u>	<u>4,042,963</u>	<u>16,331</u>	<u>30,682</u>
Support services:					
Student	-	234,493	219,472	-	15,021
Instructional staff	-	188,231	137,141	-	51,090
General administration	2,988	32,287	44,901	1,640	(11,266)
Executive administration	-	295,405	295,405	-	-
School administration	12,095	475,423	509,513	348	(22,343)
Operation and maintenance of plant	16,415	444,427	428,174	3,311	29,357
Student transportation	-	296,077	260,575	4,231	31,271
Total support services	<u>31,498</u>	<u>1,966,343</u>	<u>1,895,181</u>	<u>9,530</u>	<u>93,130</u>
Debt service:					
Principal of long-term debt	-	45,000	45,000	-	-
Interest on long-term debt	-	1,691	1,666	-	25
Total debt service	<u>-</u>	<u>46,691</u>	<u>46,666</u>	<u>-</u>	<u>25</u>
Facilities acquisition and construction	<u>74,589</u>	<u>138,300</u>	<u>199,863</u>	<u>24,996</u>	<u>(11,970)</u>
Other financing uses:					
Transfers out	-	15,000	18,663	-	(3,663)
Intergovernmental transfers out	-	7,312,533	7,312,533	-	-
Total other financing uses	<u>-</u>	<u>7,327,533</u>	<u>7,331,196</u>	<u>-</u>	<u>(3,663)</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 153,854</u>	<u>\$ 13,521,076</u>	<u>\$ 13,515,869</u>	<u>\$ 50,857</u>	<u>\$ 108,204</u>

See Auditor's Report.

SCHEDULE 3
NORWICH SCHOOL DISTRICT
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

Unassigned fund balance, beginning		\$ 563,644
Changes:		
Unassigned fund balance used to reduce school district assessment		(244,777)
2021-2022 Budget summary :		
Revenue surplus (Schedule 1)	\$ 64,980	
Unexpended balance of appropriations (Schedule 2)	<u>108,204</u>	
2021-2022 Budget surplus		173,184
Decrease in nonspendable fund balance		<u>3,969</u>
Unassigned fund balance, ending		<u><u>\$ 496,020</u></u>

SCHEDULE 4
NORWICH SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Special Revenue Funds			Total
	Food Service	Special Gifts	Medicaid	
ASSETS				
Cash and cash equivalents	\$ 357	\$ 110,451	\$ 102,686	\$ 213,494
Intergovernmental receivable	91	-	12,065	12,156
Total assets	<u>\$ 448</u>	<u>\$ 110,451</u>	<u>\$ 114,751</u>	<u>\$ 225,650</u>
LIABILITIES				
Accounts payable	\$ -	\$ 18,314	\$ -	\$ 18,314
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - student balances	448	-	-	448
FUND BALANCES				
Restricted	-	-	114,751	114,751
Committed	-	92,137	-	92,137
Total fund balances	<u>-</u>	<u>92,137</u>	<u>114,751</u>	<u>206,888</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 448</u>	<u>\$ 110,451</u>	<u>\$ 114,751</u>	<u>\$ 225,650</u>

SCHEDULE 5
NORWICH SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	Special Revenue Funds			Total
	Food Service	Special Gifts	Medicaid	
REVENUES				
Other local	\$ 41,758	\$ 100,238	\$ -	\$141,996
Federal	3,422	-	36,574	39,996
Total revenues	<u>45,180</u>	<u>100,238</u>	<u>36,574</u>	<u>181,992</u>
EXPENDITURES				
Current:				
Instruction	-	53,397	-	53,397
Noninstructional services	63,843	-	-	63,843
Total expenditures	<u>63,843</u>	<u>53,397</u>	<u>-</u>	<u>117,240</u>
OTHER FINANCING SOURCES				
Transfers in	<u>18,663</u>	<u>-</u>	<u>-</u>	<u>18,663</u>
Net change in fund balances	-	46,841	36,574	83,415
Fund balances, beginning	-	45,296	78,177	123,473
Fund balances, ending	<u>\$ -</u>	<u>\$ 92,137</u>	<u>\$114,751</u>	<u>\$206,888</u>